

ANNUAL REPORT 2009 BANGKOK DUSIT MEDICAL SERVICES Public Company Limited

Your Healthcare Partner for  
**37 years**  
and more





Bangkok Hospital

Wattanosoth Hospital

Bangkok Heart Hospital



Bangkok Rehabilitation Center

1972

Inauguration of Bangkok Hospital



1991

Listed on the Stock Exchange of Thailand



1982

10 years later, Expanded Heart Center



# Contents

	Statement of the Board of Directors	8
	Report of the Audit Committee	10
	General Information	11
<b>2009</b> Your Healthcare Partner for 37th years and more	Board of Director's Profile	12
	Juristic persons in which the company holds 10% of shares or greater	18
	Financial Highlights	21
	Nature of Business	22
	Future Projects	30
	Research and Development	31
	Industry and Competition	34
	Risks	37
	Shareholding Structure and Management	40
	Good Corporate Governance	47
	Transaction with Associated Companies	55
	Management Discussion and Analysis	60
	The Board of Directors' Report on its Responsibility to the Financial Statements	65
Inauguration of Bangkok Heart Hospital	Auditor's Compensation	66
	Report of Independent Auditor	67
	Financial Statements	68
	Notes to Financial Statements	78

# Board of Directors

- |   |  |
|---|--|
| 1. Professor (Honour) Arun Pausawasdi, M.D. | Chairman of the Board of Directors/Independent Director                      |
| 2. Mr. Prasert Prasarttong-Osoth, M.D.      | Group CEO & President  |
| 3. Professor Snoe Indrasukhsri, M.D.        | Independent Director/<br>Chairman of Remuneration and Compensation Committee |
| 4. Mr. Pongsak Viddayakorn, M.D.            | Director/Executive Company Advisor   |
| 5. Mr. Wallop Adhikomprapa                  | Director/Executive Company Advisor   |
| 6. Mr. Chirotchana Suchato, M.D.            | Director   |
| 7. Mr. Chuladej Yossundharakul, M.D.        | Director   |



11

8

12

6

5

1

2

8. Mr. Chatree Duangnet, M.D. Director/CEO of Bangkok Hospital Medical Center
9. Mr. Kitipan Visudharom, M.D., Ph.D. Director/Chairman of Doctors Hospital Director of Bangkok Heart Hospital
10. Mr. Pradit Theekakul Director
11. Mr. Thavatvong Thanasumitra Director
12. Professor Santasiri Sornmani, M.D. Chairman of Audit Committee/Member of Remuneration and Compensation Committee/Independent Director
13. Mr. Sripop Sarasas Independent Director/Member of Audit Committee/ Member of Remuneration and Compensation Committee
14. Mr. Somchai Sujapongse, Ph.D. Independent Director/Member of Audit Committee



4

3

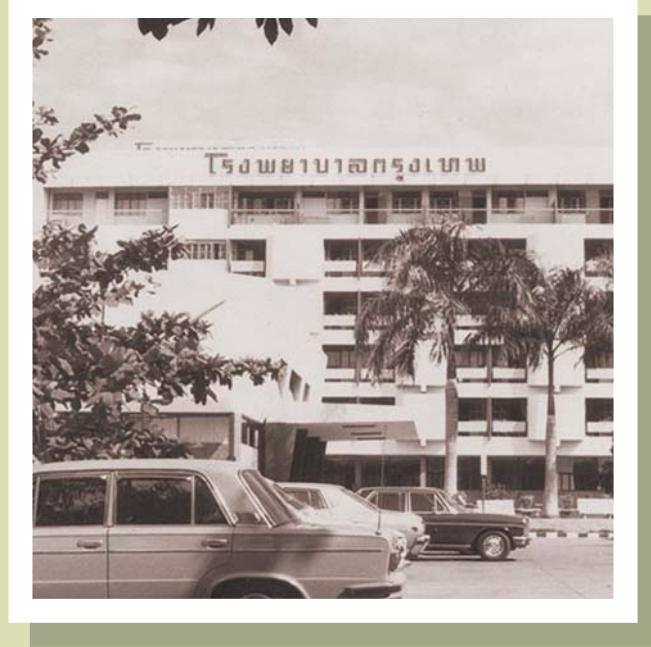
7

9

13

10

14



26 February 1972 inauguration of  
Bangkok Hospital, a medical center

20 March 2007 His Majesty the King bestowed the Royal Garuda Emblem upon  
Bangkok Dusit Medical Services Public Company Limited



# Statement of the Board of Directors

Throughout 37 years of service and in the midst of globalization and economic fluctuations both domestically and internationally, the Board of Directors has recognized that the successful growth of the Bangkok Hospital Group depends on ensuring good corporate governance, acting responsibly towards society and keeping the best interest of the investors at heart. To this end, the Company has organized numerous activities with regards to investor relations. Furthermore, the Company has given importance to transparent and equal disclosure of information to investors and stakeholders. In 2009, the Company was ranked as one of the companies with Very Good CG scoring in the Corporate Governance Report of Thai Listed Companies 2009 compiled by the Thai Institute of Directors (IOD) with the support of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC). In addition to continuous and strict compliance to good corporate governance, the Company also aims to adopt the management policy of sufficiency economy, including efficient management of resources within the network in order to lower costs while ensuring medical services that meet international standards.

Even though Thailand's economy has slackened in the past few years, the Company has strived to create excellence both in medical advancement and in terms of providing medical service by supporting research and development projects, as well as enhancing the knowledge of physicians and nurses. The Company has also invested in the continual development of state-of-the-art medical equipment. Apart from being nationally recognized for medical service quality, Bangkok Hospital Group, Samitivej Hospital Group and BNH Hospital have also received accreditation of quality and standards from the Joint Commission International (JCI), U.S.A. Presently, JCI has awarded accreditation to a total of 8 hospitals in Thailand, 7 of which are hospitals within the Bangkok Dusit Medical Services PLC. group of hospitals, namely Bangkok Hospital Medical Center (comprised of Bangkok Hospital, Bangkok Heart Hospital and Wattanosoth Hospital (Bangkok Cancer Hospital)), Bangkok Hospital Pattaya, Bangkok Hospital Phuket, Samitivej Sukhumvit Hospital, Samitivej Srinakarin Hospital, Samitivej Sriracha Hospital and BNH Hospital.

In addition to enhancing medical service quality, the Company also recognizes that the economic situation may affect the level of public health services available for the general public. Therefore, the Company organized Several Community Service activities such as the "Bone Marrow Transplant in Children Project" to provide underprivileged children suffering from Beta Thalassemia, and the "Beat Breast Cancer Project" to raise money for the Breast Foundation under the Patronage of HRH the Princess Mother. Furthermore, with the cooperation of the Vejdusit Foundation under the Royal Patronage of HRH Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra, the Company awarded annual research grants in medicine, nursing and public health, donated medical equipment to 54 hospitals, foundations, municipalities and public health centers in Phuket, Pang-nga and Krabi Provinces and 15 community hospitals in Nakornratchasima Province. Moreover,

the Company gives monthly donations to the Phayathai Babies' Home and Babies' Home in slums. This is evidence of the care and concern that the Company has for the well-being of Thais who are in need of medical care.

As we enter into the 38th year of the Company, the Board of Directors recognizes that the path to the Company's stable growth is filled with innumerable obstacles and challenges ahead. Nevertheless, with a leading management team and capable employees, a strong team of quality medical staff, as well as cooperation within our network of private hospitals across the country and utilizing the most up-to-date medical equipment, the Company will be able to continue providing quality health care services. On behalf of the Company, I would like to express our sincere gratitude to customers of Bangkok Hospitals and other hospitals within the Group for believing in and supporting the Company. Lastly, we would like to thank the shareholders for having confidence in the Board's management policies.

(Prof. (Honour) Arun Pausawasdi, M.D)  
Chairman of the Board of Directors

(Mr. Prasert Prasartthong-Osoth, M.D)  
President



Very Good CG Scoring

# Report of the Audit Committee

The Audit Committee was appointed by the Board of Directors of Bangkok Dusit Medical Services PLC. at the meeting 4/2008 held on 30th April 2008. The Committee is comprised of three independent Directors with Prof. Santasiri Sornmani, M.D. as Chairman, Mr. Sripop Sarasas and Dr. Somchai Sujjapongse as members of the Committee.

The Audit Committee was entrusted by the Board of Directors to ensure that the Company follows good corporate governance as well as engages in risk management and internal control. The Committee hired an internal audit company, licensed by the Office of the Securities and Exchange Commission, to conduct the internal audit and assess the risks of each department within the Company with priorities given to those risk levels, determined necessary changes in order to comply with the applicable rules and regulations, prevented conflicts of interest and nominated the Auditors of the Company.

In 2009, the Audit Committee held meetings with the auditors and related management personnel 9 times in order to assess the risks that may occur, planed the annual internal audit, and evaluated the internal control measures with regards to evaluation of the qualifications and the approved hiring of doctors. In also approved the remuneration system for doctors, functions of the doctors unit and functions of the nurses unit. In addition, the Committee audited the procurement process and outsource management, as well as provided opinion on the annual and quarterly financial statements.

Moreover, during the past year, the Committee assessed the financial reports with executives in charge of accounting and finance and the auditors. The auditors were of the opinion that the Company's financial statements are correct, in compliance with the generally accepted accounting standards, and made appropriate disclosures, which includes transparency and fairness of transactions with associated companies.

The Audit Committee has considered and nominated the auditors to the Board of Directors for selection of auditors for the year 2010.



(Prof. Santasiri Sornmani, M.D.)  
Chairman of the Audit Committee

# General Information

## General Information

<b>Type of Business</b>	Health Care Business
<b>Location</b>	2 Soi Soonvijai 7, New Petchaburi Road, Bangkapi, Huay Kwang, Bangkok 10310 Telephone 1719, 02-310-3000 Fax 02-310-3252, 02-310-3327
<b>Registration Number</b>	BorMorJor. 0107537000025
<b>Web site</b>	<a href="http://www.bangkokhospital.com">www.bangkokhospital.com</a>
<b>Registered Capital</b>	Baht 1,312.26 million with Baht 1,214.50 million in paid-up capital, divided into 1,214.50 million common shares with par value of Baht 1 each

## Reference Information

<b>Registrar</b>	Thailand Securities Depository Co., Ltd. 4th Floor, Stock Exchange of Thailand Building, 62 Ratchadaphisek Road, Klongtoey, Bangkok 10110 Telephone 02-229-2800, 02-654-5599 Fax 0-2359-1259
<b>Bond Registrar</b>	TMB Bank PLC. 10th Floor, 393 Silom Road, Silom, Bangrak, Bangkok 10500 Telephone 02-230-5878, 02-230-5756 Fax 02-230-6093
<b>Bond Representative</b>	Kasikorn Bank PLC., Securities Service Department 400/22 Kasikorn Bank Building, 11th Fl., Paholyotin Road Samsennai, Phayathai, Bangkok 10400 Telephone 02-470-1952, 02-470-3687 Fax 02-470-3684
<b>Auditor</b>	Ernst & Young Office Co., Ltd. 33rd Floor, Lake Rajada Office Complex, 193/136-137 Ratchadaphisek Road, Klongtoey, Bangkok 10110 Telephone 02-661-9190, 02-264-0777 Fax 02-661-9192, 02-264-0789-90

# Company Management

BANGKOK DUSIT MEDICAL SERVICES Public Company Limited



## 1. Professor (Honour) Arun Pausawasdi, M.D.

**Chairman of the Board of Directors/Independent Director** Age 72 years

### Education

- Directors Accreditation Program Class 45, Thai Institute of Directors Association
- Facharzt fur Chirurgie, The Medical Council of Hamburg, German
- Certificate of Medical Clinic, Mahidol University
- Medical Doctor, Faculty of Medicine Siriraj Hospital, Mahidol University

### Experience

- Assistant to Ministry of Public Health
- Secretary General, Royal College of Surgeons of Thailand
- Chairman of Scientific Session Medical, The Medical Association of Thailand
- Dean, Faculty of Medicine Siriraj Hospital, Mahidol University
- Director of the Medical Association

### Other Position

- Chairman, Centre for Continuing Medical Education of Thailand

- President, Royal College of Surgeons of Thailand
- Vice President, The Prince Mahidol Award Foundation
- Member of the Thai Medical Registration license Committee
- Vice President, Siriraj Foundation
- Director of Chao Phya Hospital PLC
- Director of Chao Phya Medical Center Co., Ltd.

### Year of appointed to be a director

- 1998

### Number of shareholding

- 381,781 shares

### Relationship among other management

- None



## 2. Mr. Prasert Prasarttong-Osoth, M.D.

**Group CEO & President** Age 76 years

### Education

- Directors Accreditation Program Class 45, Thai Institute of Directors Association
- Certificate from National Defense College, Course for the Joint State Private Sector, Class 1
- Bachelor Degree from Siriraj Medical School, University of Medicine

### Experience

- Member of National Legislative Council (Senator)
- Member of National Legislative Council
- Surgeon in Department of Surgery, Faculty of Medicine Siriraj Hospital

### Other Position

- CEO, Bangkok Airways Co., Ltd.

### Year of appointed to be a director

- 1994

### Number of shareholding

- 154,571,084 shares

### Relationship among other management

- None



## 3. Professor Snoe Indrasukhsri, M.D.

**Independent Director/Chairman of Remuneration and Compensation Committee**

Age 89 years

### Education

- Directors Accreditation Program Class 45, Thai Institute of Directors Association
- Certificate in Pediatric Surgery
- Medical Doctor (Honour), Faculty of Medicine Siriraj Hospital, Mahidol University

- President, Medical Society of Private Practitioner
- Chairman, Pediatric Association

### Other Position

- None

### Year of appointed to be a director

- 1994

### Number of shareholding

- 4,830,631 Shares

### Relationship among other management

- None



#### 4. Mr. Pongsak Viddayakorn, M.D.

**Director/Executive Company Advisor** Age 76 years

##### Education

- Directors Accreditation Program Class 45, Thai Institute of Directors Association
- Honorary Doctorate in Business Management, Christian University
- Certificate from National Defences College
- DTM&H Diploma, Faculty of Tropical Medicine and Hygiene, Mahidol University
- Post Graduate Study, University of Pennsylvania, USA.
- Medical Doctor, Faculty of Medicine Siriraj Hospital, Mahidol University

##### Experience

- President/Bangkok Dusit Medical Services PLC.
- Director of The Medical Health Care Centre of The Teacher Council of Thailand
- Member of Consultation Committee of the Bangkok Metropolitan Administration Governor (Healthcare)
- Chairman, Private Hospital Association
- Director of Medical Association

##### Other Position

- Vice Chairman, Samitivej PLC.
- Chairman, Bangkok Phuket Hospital Co., Ltd.

- Chairman, Bangkok Ratchasima Hospital Co., Ltd.
- Vice Chairman, Angkor Pisith Co., Ltd.
- Chairman, B.D.M.S International Medical Services Co., Ltd.
- Chairman, S.R. Property Investment Co., Ltd.
- Chairman, Seam Reap Land Investment Co., Ltd.
- Chairman, Phnom Penh Medical Services Co., Ltd.
- Chairman, Phnom Penh First Property Co., Ltd.
- Chairman, Bangkok Health Insurance Co., Ltd.
- Chairman, Asia International Healthcare Co., Ltd.
- Chairman, Bangkok Hospital Hua-hin Co., Ltd.
- Chairman, Bangkok Hospital Khao-Yai Co., Ltd.
- Chairman, Royal Bangkok Healthcare Co., Ltd.
- Director, Royal Rattanak Medical Services Co., Ltd.

##### Year of appointed to be a director

- 1994

##### Number of shareholding

- 64,197,327 Shares

##### Relationship among other management

- None



#### 5. Mr. Wallop Adhikomprapa

**Director/Executive Company Advisor** Age 66 years

##### Education

- Graduate Diploma, Capital Market Academy Class 8, Stock Exchange of Thailand
- Graduate Diploma in Public Law and Management Class 6 King Prajadhipok's Institute
- Graduate Diploma in Management of Public Economy Class 4 King Prajadhipok's Institute
- The Role of the Chairman, Class 9, Thai Institute of Directors Association
- Directors Certification Program, Class 20, Thai Institute of Directors Association
- Senior Executive Program, Sasin Graduate Institute of Business Administration
- Master of Science-Accounting, Roosevelt University, USA.

##### Experience

- President, Bangkok Dusit Medical Services PCL
- Chief Finance Officer, Bangkok Dusit Medical Services PCL.
- Managing Director, Thai Wah Resorts Development Co., Ltd. (Laguna Resort and Hotels PCL)
- Assistant Vice President-Accounting and Finance, Hostmark Hospitality Group USA

##### Other Position

- Vice Chairman, Samitivej PLC.
- Director, Bangkok Hospital Hua-hin Co., Ltd.
- Director, Bangkok Hospital Khao-Yai Co., Ltd.
- Director, Angkor Pisith Co., Ltd.

- Director, Royal Rattanak Medical Services Co., Ltd.
- Director, Bangkok Helicopter Services Co., Ltd.
- Director, Bangkok Health Insurance Co., Ltd.
- Director, B.D.M.S. International Medical Services Co., Ltd.
- Director, S.R. Property Investment, Ltd.
- Director, Seam Reap Land Investment Co., Ltd.
- Director, Phnom Penh Medical Services Co., Ltd.
- Director, Phnom Penh First Property Co., Ltd.
- Director, Asia International Healthcare Co., Ltd.
- Director, Royal Bangkok Healthcare Co., Ltd.
- Chairman, Greenline Synergy Co., Ltd.
- Director, National Healthcare Systems Co., Ltd.
- Director, Bio Molecular Laboratory (Thailand) Co., Ltd.
- Director, First Health Food Co., Ltd.
- Director, Sodexho Healthcare Support Services (Th) Co., Ltd.

##### Year of appointed to be a director

- 1999

##### Number of shareholding

- 17,521,019 Shares

##### Relationship among other management

- None



## 6. Mr. Chuladej Yossundharakul, M.D.

**Director** Age 77 years

### Education

- Directors Accreditation Program Class 45, Thai Institute of Directors Association
- Diplomate of American Board of Surgery
- Medical Doctor, Faculty of Medicine Siriraj Hospital, Mahidol University

### Experience

- Head, Surgical Unit, National Cancer Institute
- Hospital Director, Karuna Pitak Hospital
- Hospital Director, Bangkok Hospital

### Other Position

- Chairman, Bangkok Hospital Prapadaeng Co., Ltd.

- Director, Bangkok Hospital Pattaya, Co., Ltd.
- Director, Bangkok Health Insurance Co., Ltd.
- Director, Bangkok Hospital Hua-hin Co., Ltd.
- Director, Royal Bangkok Healthcare Co., Ltd.

### Year of appointed to be a director

- 1994

### Number of shareholding

- 27,565,795 Shares

### Relationship among other management

- None



## 7. Mr. Chirotchana Suchato, M.D.

**Director** Age 74 years

### Education

- Directors Accreditation Program Class 45, Thai Institute of Directors Association
- Diplomate of American Board of Radiology, Downstate University of New York
- Graduated Course Radiobiology at M.D. Anderson Hospital, Houston, Texas
- Medical Doctor, Faculty of Medicine Siriraj Hospital, Mahidol University

### Experience

- School Director, School of X-Ray Technician
- Professor of Radiology division, Faculty of Medicine, Ramathibodi Hospital
- Consultant to Radiology, Clinic of The Teacher Council of Thailand

### Other Position

- Chairman, Bangkok Hospital Pattaya Co., Ltd
- Director, Bangkok Hospital Phuket Co., Ltd.
- Director, Bangkok Hospital Khao-Yai Co., Ltd.
- Director, Bangkok Hospital Hua-hin Co., Ltd.
- Director, Bangkok Health Insurance Co., Ltd.
- Director, Asia International Healthcare Co., Ltd.
- Director, Royal Bangkok Healthcare Co., Ltd.

### Year of appointed to be a director

- 1994

### Number of shareholding

- 39,273,009 Shares

### Relationship among other management

- None



## 8. Professor Santasiri Sornmani, M.D.

**Chairman of Audit Committee/Member of Remuneration and Compensation Committee/  
Independent Director** Age 75 Years

### Education

- Directors Accreditation Program Class 43, Thai Institute of Directors Association
- Ph.D. (Tropical Medicine), Liverpool University
- Medical Doctor, Faculty of Medicine Siriraj Hospital, Mahidol University

### Experience

- Vice President for Administration, Mahidol University
- Dean, Faculty of Tropical Medicine, Mahidol University
- Member, Expert Committee on Food Borne Parasitic Diseases, WHO

### Other Position

- Chairman, The Medic Pharma Co., Ltd.
- Vice Chairman, Chureevej Co., Ltd. (Chureevej Hoslpital)

### Year of appointed to be a director

- 1994

### Number of shareholding

- 1,715,127 Shares

### Relationship among other management

- None



## 9. Mr. Kitipan Visudharom, M.D., Ph.D.

**Director/Chairman of Doctors/Hospital Director of Bangkok Heart Hospital** Age 71 years

### Education

- Directors Accreditation Program Class 43, Thai Institute of Directors Association
- Diplomate American Board of Surgery
- Diplomate American Board of Thoracic Surgery
- Ph.D. (Surgery) University of Minnesota, Graduate School, Minneapolis, Minnesota, USA

- Fellowship in Research and Experimental Surgery (PhD Program), University of Minnesota Graduate School of Medicine (Dr. Aldo Castaneda Advisor)
- Fellowship in Cardiac Pathology (Dr. Jesse Edwards Advisor), University of Minnesota, St. Paul, Minnesota, USA
- Fellowship in Cardiology/ Pediatric Cardiology (Dr. James Mohler Advisor) University of Minnesota, USA

- Residency Training (General and Thoracic Surgery), University of Minnesota, School of Medicine, USA
- Internship (Surgery), University of Kentucky Medical Center, USA
- Medical Doctor, Faculty of Medicine Siriraj Hospital, Mahidol University

#### Experience

- Cardiothoracic Surgeon, University of Minnesota Hospital, USA.
- Cardiothoracic Surgeon, University of Texas Health Sciences Center, San Antonio, Texas, USA.
- Chair of Cardiothoracic Surgeon, Minneapolis Heart Institute-Abbot Northwestern Hospital, Minnesota, USA.
- Chief Cardiothoracic Surgeon, John Nasseff Heart Hospital, St. Paul, Minnesota, USA
- Director Bangkok Heart Institute, Bangkok Hospital, Bangkok, Thailand.

- Chief Cardiothoracic Surgeons Bangkok Heart Institute, Bangkok Hospital, Bangkok, Thailand
- President, The Society of Thoracic Surgeons of Thailand

#### Other Position

- Chief, Cardiothoracic Surgeon and Director-Heart Institute, Samitivej Hospital, Bangkok, Thailand
- Advisory Board, The Society of Thoracic Surgeons of Thailand
- Board of Director, Queen Sirikit Northeast Heart Center, University of Khonkaen, Thailand

#### Year of appointed to be a director

- 2001

#### Number of shareholding

- 4,621,303 Shares

#### Relationship among other management

- None



## 10. Mr. Chatree Duangnet, M.D.

Director/CEO of Bangkok Hospital Medical Center Age 65 years

#### Education

- Directors Accreditation Program Class 54, Thai Institute of Directors Association
- Certified of National Defense College
- Fellow, American College of Medical Quality
- Certified, American Board of Quality Assurance & Utilization Review Physicians
- Fellow, American Academy of Pediatrics
- Certified, American Board of Pediatrics
- Medical Doctor, Faculty of Medicine, Chulalongkorn University

- Director, Bangkok Hospital Prapadaeng Co., Ltd.
- Director, Bangkok Hospital Hua Hin Co., Ltd.
- Director, Bangkok Hospital Khao Yai Co., Ltd.
- Director, Bangkok Hospital Samui Co., Ltd.
- Director, B.D.M.S International Medical Services Co., Ltd.
- Director, Angkor Pisith Co., Ltd.
- Director, Royal Rattanak Medical Services Co., Ltd.
- Director, National Healthcare Systems Co., Ltd.
- Director, Bio Molecular Laboratory (Thailand) Co., Ltd.
- Director, Bangkok Health Insurance Co., Ltd.
- Director, Bangkok Helicopter Services Co., Ltd.
- Director, Asia International Healthcare Co., Ltd.
- Director, Phnom Penh Medical Services Co., Ltd.
- Director, Greenline Synergy Co., Ltd.
- Director, Royal Bangkok Healthcare Co., Ltd.

#### Experience

- Group Chief Medical Officer, Bumrungrad Hospital, Bangkok
- Chief Executive Administrator, Bangkok Hospital,
- Clinical Assistant Professor of Pediatrics, College of Medicine, Pennsylvania State University, Pennsylvania, USA
- Chairman of the Board, Jameson Physician Hospital Organization, New Castle, Pennsylvania, USA
- President, Lawrence Independent Physician Association, Lawrence County, Pennsylvania, USA
- Physician Executive, Jameson Health System, New Castle, Pennsylvania, USA
- Training courses in QA/UR/RM, American Board of Quality Assurance & Utilization Review Physicians, USA

#### Year of appointed to be a director

- 2006

#### Number of shareholding

- 150,000 Shares

#### Relationship among other management

- None

#### Other Position

- Deputy of CEO, Bangkok Hospital Ratchasima Co., Ltd.



## 11. Mr. Thavatvong Thanassumitra

Director Age 62 years

#### Education

- Directors Certification Program Class 27, Thai Institute of Directors Association
- Bachelor of Law, Thammasart University

- Managing Director, Thai Petroleum Service Co., Ltd.
- Chairman, Bangkok Air Catering, WFS-PG Cargo Co., Ltd.
- Director, Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.

#### Experience

- Managing Director, Air Lanka Catering Service Co., Ltd.

#### Year of appointed to be a director

- 1999

#### Number of shareholding

- 3,701,256 Shares

#### Relationship among other management

- None



## 12. Mr. Pradit Theekakul

**Director** Age 51 years

**Education**

- Directors Certification Program Class 29, Thai Institute of Directors Association
- Bachelor Degree of Law Chulalongkorn University/Bangkok
- The Thai Barrister
- Bachelor Degree or Arts (Political Science) Ramkamhaeng University/ Bangkok, Thailand

**Other Position**

- Executive Vice President-Administration Bangkok Airways Co., Ltd.
- Managing Director, Air Lanka Catering Service Co., Ltd.
- Director, Bangkok Helicopter Services Co., Ltd.

- Director, Thai Petroleum Service Co., Ltd.
- Chairman, Bangkok Air Catering, WFS-PG Cargo Co., Ltd.
- Director, Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.

**Year of appointed to be a director**

- 2008

**Number of shareholding**

- 3,200,000 Shares

**Relationship among other management**

- None



## 13. Mr. Somchai Sujapongse, Ph.D.

**Independent Director/ Member of Audit Committee** Age 48 years

**Education**

- Ph.D. (Economics) 1990 The Ohio State University/ Columbus, Ohio, U.S.A.
- M.A. (Economics) 1985 The Ohio State University/ Columbus, Ohio, U.S.A.
- B.A. (Economics) (Hons.) 1984/Chulalongkorn University/ Bangkok, Thailand

**Experience**

- Director-General Fiscal Policy Office/Ministry of Finance
- Fiscal Policy Advisor Fiscal Policy Office Ministry of Finance
- Deputy Director-General Fiscal Policy Office/Ministry of Finance
- Director, Bureau of Fiscal Policy Fiscal Policy Office/ Ministry of Finance
- Director, Fiscal Risk Management Group Fiscal Policy Office/Ministry of Finance
- Director, Fiscal Policy and Planning Division Fiscal Policy Office / Ministry of Finance

- Director, Savings and Investment Policy Division Fiscal Policy Office/Ministry of Finance
- Director, Economic Rehabilitation Planning and Policy Division

**Other Position**

- Director-General The Customs Department/Ministry of Finance
- Director, Board of Metropolitan Electricity Authority
- Director, Board of Airports of Thailand Public Co., Ltd.
- Expert Committee, Health Systems Research Institute Committee
- Director, Board of Aeronautical Radio of Thailand

**Year of appointed to be a director**

- 2008

**Number of shareholding**

- None

**Relationship among other management**

- None



## 14. Mr. Sripop Sarasas

**Independent Director/Member of Audit Committee/Member of Remuneration and Compensation Committee** Age 53 years

**Education**

- Certificate, Audit Committee Program-ACP 1/2004 Thai Institute of Directors
- Certificate, Director Certification Program 22/2002 Thai Institute of Directors
- Diploma Thai Institute of Directors
- Master Degree in Business Administration (Finance) University of Southern California, U.S.A.

**Experience**

- President & CEO/Krung Thai Asset Management PCL
- Managing Director/Phatra Securities PCL.
- Chief Executive Officer/General Environmental Conservation PCL

**Other Position**

- Director/Member of Audit Committee The Royal Ceramic Industry PCL.

- Director/Member of Audit Committee Advanced Information Technology PCL.
- Director/Member of Audit Committee Living Land Capital PCL.
- Director/Member of Audit Committee Kiatana Transport PCL.

**Year of appointed to be a director**

- 2008

**Number of shareholding**

- None

**Relationship among other management**

- None



## 15. Mr. Lee Khoe Soa

**Executive Vice President** Age 66 years

### Education

- Directors Certification Program Class 23  
Thai Institute of Director Association
- Fellow, Delta Omega Public Health Honour Society, 1979
- Post Graduate Studies in Health Administration,  
Loma Linda University, CA, USA
- MPH (International Health), Loma Linda University, CA, U.S.A.
- BA, MA (Philosophy & Counseling).  
Philippine Adventist University, The Philippines

### Experience

- Chairman & CEO, NanoLife Sciences International Pte Ltd.  
(Incorporated in Singapore)
- Director, Bangkok Dusit Medical Services PLC.
- Director, Chairman of Executive Committee, Samitivej PLC.
- Director, BNH Medical Centre Co., Ltd.
- CEO, Gleneagles Intan Medical Center, Kuala Lumpur

- Company Director, Gleneagles Oncology Center,  
Kuala Lumpur
- General Manager Corporate Support Services,  
Parkway Group Healthcare Pte Ltd.

### Other Position

- Director, Samitivej Public Company Limited
- Chairman, Wattanavej Co., Ltd.
- Chairman, Bangkok Trat Hospital Co., Ltd.
- Chairman, Bangkok Phuket Hospital Co., Ltd.
- Director, Greenline Synergy Co., Ltd.
- Director, The Medi Pharma Co., Ltd.

### Number of shareholding

- 404,755 Share

### Relationship among other management

- None



## 16. Mrs. Narumol Noi-am

**Chief Financial Officer** Age 52 years

### Education

- Successful Formulation & Execution of Strategy  
Class 6/2010 by Thai Institute of Directors Association
- Directors Certification Program Class 107 by  
Thai Institute of Directors Association
- Financial Executive Development Program Class 12  
by The Thai Institute of Banking and Finance for  
Executives from Financial Institutions
- Applied International Management Program, Sweden by  
Government of Sweden
- MBA Banking and Finance, from  
North Texas State University, USA
- Bachelor of Economics (second class honors) Faculty of  
Economics from Chulalongkorn University, Thailand

### Experience

- Senior Vice President, Investment Banking Department  
TMB Bank PCL.

- Senior Vice President, Finance Department  
Industrial Finance Corporation of Thailand

### Other Position

- Director, Bangkok Hospital Pattaya Co., Ltd.
- Director, Bangkok Rayong Hospital Co., Ltd.
- Director, Bangkok Phuket Hospital Co., Ltd.
- Director, National Healthcare System Co., Ltd.
- Director, Greenline Synergy Co., Ltd.
- Director, Bangkok Health Insurance Co., Ltd.

### Number of shareholding

- None

### Relationship among other management

- None



## 17. Mr. Chong Chin Wah

**Chief Operating Officer** Age 46 Years

### Education

- Bachelor of Business, Curtin University of Technology, Australia
- Director Certification Program (DCP 112/2009),  
Thai Institute of Directors

### Experience

- Managing Director & CEO, Samitivej PCL.
- Managing Director & CEO, BNH Medical Centre Co., Ltd.

### Other Position

- Director, Samitivej Public Company Limited
- Director, Samitivej Sriracha Company Limited
- Chairman, Sodexo Healthcare Support Services  
(Thailand) Co., Ltd.
- Director, Sodexo Support Services (Thailand) Co., Ltd.

- Chairman, National Healthcare Systems Co., Ltd.
- Director, Irving Sheridan SE Co., Ltd.
- Director, First Health Food Co., Ltd.
- Chairman, Bio Molecular Laboratory Co., Ltd.
- Chairman, Bangkok Hospital Samui Co., Ltd.
- Chairman, Bangkok Hospital Rayong Co., Ltd.
- Director, Greenline Synergy Co., Ltd.
- Director, BNH Medical Centre Co., Ltd.

### Number of shareholding

- None

### Relationship among other management

- None

# Juristic persons in which the company holds 10% of shares or greater

(as at December 31, 2009)

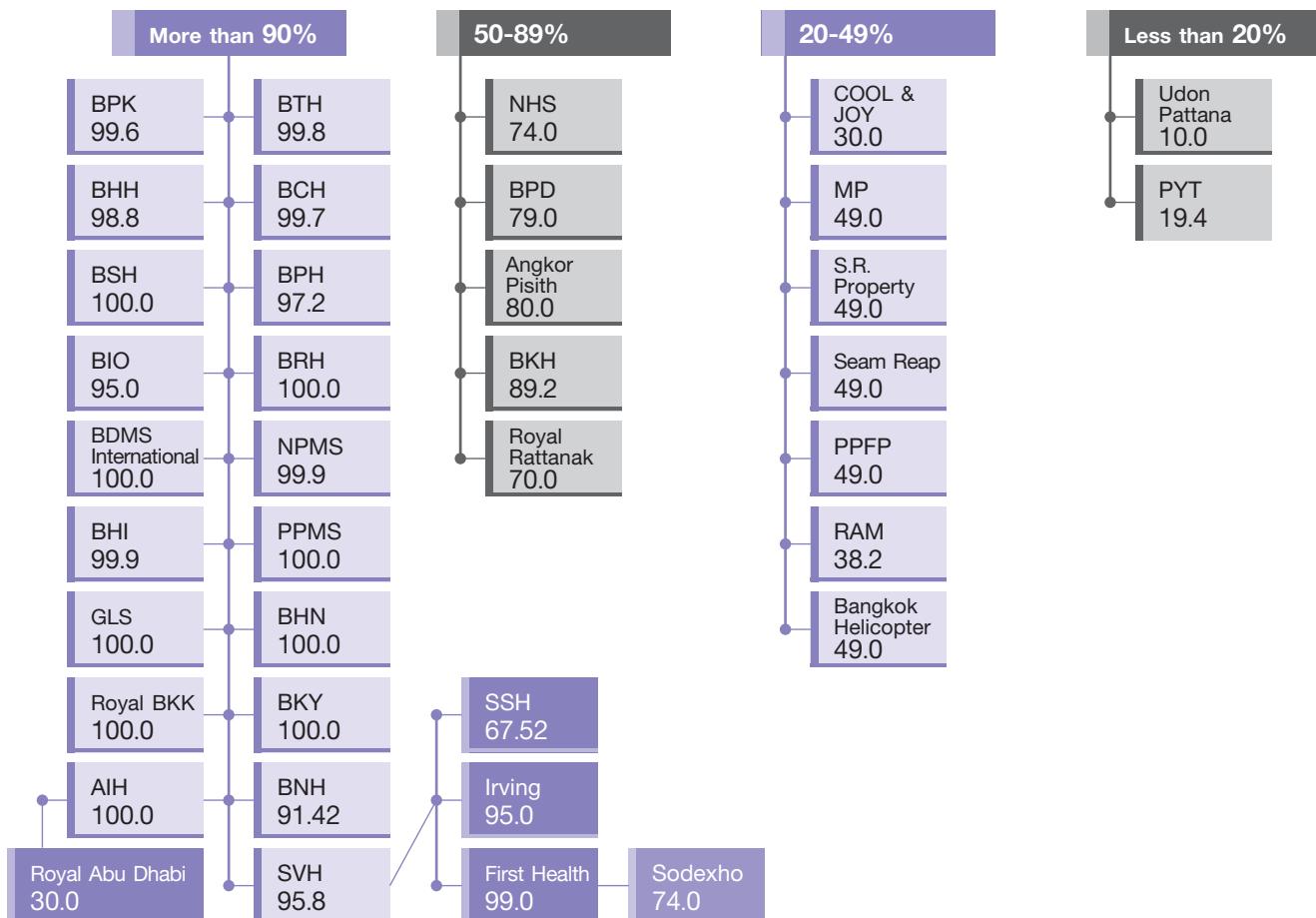
	Company	Registration Date	Location	Type of Business	Shares held (%)
1	Bangkok Hospital Hua Hin Co., Ltd. (formerly Global Medical Network Co., Ltd.)	17 Jul. 2003	Petchakasem Road, Hua Hin, Prachuabkhirikan	Private Hospital (Not yet operational)	100.00
2	Bangkok Hospital Khao Yai Co., Ltd.	18 Jul. 2007	Mittrarp Road, Khao Yai, Pakchong, Nokomratchasima	Private Hospital (Not yet operational)	100.00
3	Bangkok Hospital Samui Co., Ltd.	14 Aug. 2003	57 Moo 3 Tumbon Boo Phud Samui, Suratthani	Private Hospital	100.00
4	Bangkok Hospital Rayong Co., Ltd.	13 Aug. 2002	8 Moo 2, Soi Sangchanneramitr, Nern Phra, Muang, Rayong	Private Hospital	100.00
5	Bangkok Hospital Trad Co., Ltd.	25 Jan. 1994	276 Sukhumvit Road, Muang, Trat	Private Hospital	99.76
6	Vatthanavej Co., Ltd.	28 Oct. 1983	25/14 Tha Luang Road, Muang, Chantaburi	Private Hospital	99.67
7	Bangkok Hospital Phuket Co., Ltd.	15 Mar. 1994	2/1 Hongyokuthit Road, Muang, Phuket	Private Hospital	99.63
8	Bangkok Hospital Hatyai Co., Ltd.	27 Jul. 1995	75 Soi 15 Petchakasem Road, Muang, Songkla	Private Hospital	98.75
9	Bangkok Hospital Pattaya Co., Ltd.	1 May 1989	301 Sukhumvit KM.143 Pattaya, Chonburi	Private Hospital	97.21
10	Samitivej PLC (SVH): Samitivej Sukhumvit Hospital and Samitivej Srinakarin Hospital	28 Dec. 1976	133 Sukhumvit 49, Klongtan Nua, Wattana, Bangkok	Private Hospital	95.76
11	BNH Medical Center Co., Ltd.	27 Aug. 1991	9/1 Convent Road, Silom, Bangrak, Bangkok	Private Hospital	91.42
12	Bangkok Hospital Ratchasima Co., Ltd.	24 Nov. 1992	1308/9 Mittrarp Road, Khao Yai, Pakchong, Nokomratchasima	Private Hospital	89.16
13	Angkor Pisith Co., Ltd.	20 Dec. 2005	National Road No.6, Svay Dangkom Commune, Seam Reap, Cambodia.	Private Hospital in Cambodia	80.00
14	Bangkok Hospital Phrapradaeng Co., Ltd.	7 Sept. 1992	288 Suksawat, Muang, Samutprakarn	Private Hospital	79.00
15	Royal Rattanak Medical Services Co., Ltd.	June 2007	No.11, Street 592, Sangkat Boeng Kak 2, Phnom Penh, Cambodia.	Private Hospital in Cambodia	70.00
16	Phnom Penh Medical Services Co., Ltd.	27 Nov. 2006	Toeuk Thla Village, Russian Federation Blvd., Phnom Penh, Cambodia.	Private Hospital in Cambodia (Not yet operational)	100.00
17	B.D.M.S. International Medical Services Co., Ltd.	20 Dec. 2005	61A Street 214, Sangkat Beong Rang, Phnom Penh, Cambodia.	Private Hospital in Cambodia (Not yet operational)	100.00
18	S.R. Property Investment Co., Ltd.	20 Dec. 2005	517 Road No.6, Phum Salakanseng, Seam Reap, Cambodia.	Land Holding Company	49.00
19	Seam Reap Land Investment Co., Ltd.	10 Feb. 2006	517 Road No.6, Phum Salakanseng, Seam Reap, Cambodia.	Land Holding Company	49.00
20	Phnom Penh First Property Co., Ltd.	27 Nov. 2006	No.61 Street 214, Sangkat Beong Rang, Phnom Penh, Cambodia.	Land Holding Company	49.00

	Company	Registration Date	Location	Type of Business	Shares held (%)
21	Bio-Molecular Laboratories (Thailand) Co., Ltd.	7 Nov. 2001	2 Soi Soonwaijai 7, New Petchaburi Road, Bangkok	Molecular laboratories	95.00
22	National Healthcare Systems Co., Ltd.	25 Jul. 2001	2301/2 Dental Center New Petchaburi Road, Bangkok	Share service Company	74.02 and another 25.97 through SVH and BNH
23	Asia International Healthcare Co., Ltd.	17 Jul. 2003	2 Soi Soonwaijai 7, New Petchaburi Road, Bangkok	Holding Company	100.00
24	Greenline Synergy Co., Ltd.	18 Aug. 2008	2301/2 Dental Center New Petchaburi Road, Bangkok	Information technology (Share service)	100.00
25	Royal Bangkok Healthcare Co., Ltd.	11 Feb. 2008	2 Soi Soonwaijai 7, New Petchaburi Road, Bangkok	Management Company	100.00
26	Bangkok Health Insurance Co., Ltd.	2 Jan. 1981	2 Soi Soonwaijai 7, New Petchaburi Road, Bangkok	Health Insurance	99.94
27	New Petchburi Medical Services Co., Ltd.	20 Dec. 2002	2 Soi Soonwaijai 7, New Petchaburi Road, Bangkok	Dormant Company	99.93
28	Al Ghaith Bangkok Dusit Management Services LLC.	June 2007	Al Ghaith Tower 14th Floor, 1401, Abu Dhabi, UAE	Private Hospital in UAE	30.00 (through AIH)
29	Samitivej Sriracha Co., Ltd.	9 Apr. 2001	8 Soi Laemkaet, Jermjormphol Road, Sriracha, Chonburi	Private Hospital	67.52 (through SVH)
30	The Medic Pharma Co., Ltd.	26 Aug. 1971	124 Thonburi-Pakthor Road, Bangkok	Manufacture/ Distribute medicine	49.00
31	Bangkok Helicopter Service Co., Ltd.	29 June 1995	1111 Ploenchit Road, Lumpini, Patumwan, Bangkok	Air medical transport	49.00
32	Cool & Joy Co., Ltd.	20 May 2003	2 Soi Soonwaijai 7, New Petchaburi Road, Bangkok	Public relations & marketing support	30.00
33	Ramkamhaeng Hospital PLC.***	25 Aug. 1986	2138 Ramkamhaeng Road, Bangkapi, Bangkok	Private Hospital	38.24
34	Prasit Patana PLC.***	24 Jan. 1974	943 Paholyotin Road, Samsennai, Phayathai, Bangkok	Holding Company investing in Phyathai Hospitals 1, 2 & 3	19.43
35	Udon Pattana 1994 Co., Ltd.***	9 June 1994	555/5 Phosri Road, Muang, Udonthani	Private Hospital	10.00

**Note \*\*\*** The Company is a shareholder only and is not involved in management of the business.

# Juristic persons in which the company holds 10% of shares or greater

(as at December 31, 2009)



Company Name		Company Name			
1	AIH	Asia International Healthcare Co., Ltd.	21	GLS	Greenline Synergy Co., Ltd.
2	Angkor Pisith	Angkor Pisith Co., Ltd.	22	Irving	Irving Sheridan SE Co., Ltd.
3	BCH	Wattanavej Co., Ltd.	23	MP	Medical Pharma Co., Ltd.
4	B-Cop	Bangkok Helicopter Services Co., Ltd.	24	NHS	National Healthcare Systems Co., Ltd.
5	BDMS Inter	BDMS International Medical Services Co., Ltd.	25	NPMS	New Petchburi Medical Services Co., Ltd.
6	BHH	Bangkok Hatyai Hospital Co., Ltd.	26	PPFP	Phnom Penh First Property Co., Ltd.
7	BHI	Bangkok Health Insurance Co., Ltd.	27	PPMS	Phnom Penh Medical Services Public Co., Ltd.
8	BHN	Bangkok Hua Hin Hospital Co., Ltd.	28	PYT	Prasit Pattana PCL.
9	BIO	Bio Molecular Laboratories (Thailand) Co., Ltd.	29	RAM	Ramkhamhaeng Hospital PCL.
10	BKH	Bangkok Ratchasima Hospital Co., Ltd.	30	Royal Abu Dhabi	Royal Bangkok Hospital L.L.C, Abu Dhabi
11	BKY	Bangkok Khao Yai Hospital Co., Ltd.	31	Royal BKK	Royal Bangkok Healthcare Co., Ltd.
12	BNH	BNH Medical Center Co., Ltd.	32	Royal Rattanak	Royal Rattanak Medical Services Co., Ltd.
13	BPD	Bangkok Prapradaeng Hospital Co., Ltd.	33	S.R. Property	S.R. Property Co., Ltd.
14	BPH	Bangkok Pattaya Hospital Co., Ltd.	34	Seam Reap	Seam Reap Invesment Co., Ltd.
15	BPK	Bangkok Phuket Hospital Co., Ltd.	35	Sodexho	Sodexo Healthcare Support Service (Thailand) Co., Ltd.
16	BRH	Bangkok Rayong Hospital Co., Ltd.	36	SSH	Samitivej Sriracha Co., Ltd.
17	BSH	Bangkok Samui Hospital Co., Ltd.	37	SVH	Samitivej PCL.
18	BTH	Bangkok Trad Hospital Co., Ltd.	38	Udon Pattana	Udon Pattana Co., Ltd.
19	Cool & Joy	Cool & Joy Co., Ltd.			
20	First Health	First Health Food Co., Ltd.			

# Financial Highlights

	2009	2008	2007
<b>Balance Sheets (in million Baht)</b>			
Total Assets	30,359	27,931	26,232
Total Liabilities	15,612	14,943	14,522
Total Shareholders' Equity	14,747	12,988	11,710
<b>Income Statements (in million Baht)</b>			
Revenue from Hospital Operations	21,597	21,188	18,423
Total Revenues	21,974	21,652	18,879
Net profit	1,725	1,662	1,244
<b>Information about Common Shares</b>			
Share Capital Issue and Fully Paid-up (Million shares)	1,214.5	1,214.5	1,214.1
Book Value Per Share (Baht)	12.1	10.7	9.6
Basic Earnings Per Share (Baht)	1.4	1.4	1.0
Dividend Per Share (Baht)	0.7 <sup>1/</sup>	0.6	0.5
<b>Financial Ratios</b>			
<b>Growth Ratios (%)</b>			
Growth on Revenue from Hospital Operations	1.9	15.0	18.3
Net Profit Growth	3.8	33.6	(5.9)
<b>Profitability Ratios (%)</b>			
Gross Profit Margin	42.3	43.1	44.7
EBITDA Margin	22.9	23.1	23.4
EBITDA Margin (Excluding non-recurring items) <sup>2/</sup>	22.9	22.9	22.9
Net Profit Margin	7.8	7.6	6.6
<b>Returns (%)</b>			
Return on Average Assets	5.9	6.1	4.9
Return on Average Equity	13.0	14.1	11.5
<b>Assets &amp; Liabilities Management</b>			
Liquidity Ratio (x)	1.5	0.8	0.6
Average Collection (Days)	26.2	24.9	23.7
Average Inventory Period (days)	7.0	6.6	7.4
Average Payable Period (days)	29.8	28.0	29.5
<b>Leverage and Coverage ratios) (x)</b>			
Total Debt to Equity	0.8	0.9	1.0
Net Debt to Equity	0.7	0.8	0.9
Net Debt to EBITDA	2.1	2.0	2.4
Interest Coverage	7.8	7.7	6.4

1/ Board-approved rate as of February 24, 2010 and to be proposed for shareholders' approval at the AGM of April 1, 2010.

2/ Non-recurring items consisted of gain from BNH Hospital early repayment of loan and gain on repurchase of convertible debentures in 2008

# Nature of Business

## 1. History

Bangkok Dusit Medical Services PLC. was registered on 30th October 1969 under the name “Bangkok Dusit Medical Services Company Limited” with an initial registered capital of Baht 10 million. On 26th February 1972, Bangkok Hospital commenced operations in providing medical services. Following business expansion, the Company was listed on the Stock Exchange of Thailand on 2nd October 1991 and registered its conversion to public company limited in 1994. Presently, the Company has a registered capital of Baht 1,312.26 million, with paid-up capital of Baht 1,214.50 million.

## Major Developments in the Past Five Years

### 2005

- The Company bought additional shares of BNH Medical Center Company Limited from existing shareholders. This increased the Company's holdings from 48.5% to 61.5% in April 2005. Currently, the Company holds 91.42% of this subsidiary.
- Her Majesty Queen Sirikit presided over the grand opening ceremony of Bangkok Heart Hospital on Friday, 26th August 2005.



- At the end of 2005, the Company unofficially opened “Wattanosoth Cancer Hospital” to care for patients suffering from cancer.



### 2006

- The Company made a bid offer for Bangkok Hospital Pattaya Co., Ltd., Bangkok Hospital Rayong Co., Ltd., Vatthanavej Co., Ltd. (Bangkok Hospital Chanthaburi) and Bangkok Hospital Trat Co., Ltd.. This increased the Company's holdings in the 4 companies to 97.1%, 100.0%, 99.5% and 99.6% of the paid-up capital, respectively.
- The Company bought 79.7% of the shares of Bangkok Hospital Ratchasima Co., Ltd., a private hospital with 300 beds in Amphoe Muang, Nakhon Ratchasima Province. Presently, the Company holds 89.2% of this subsidiary.
- In September 2006, the Company bought 100% of “Asia International Healthcare Co., Ltd.” with the objective to invest in private hospitals overseas. The subsidiary, holding 30%, in conjunction with its local investment partner in the United Arab Emirates, set up the Royal Bangkok Hospital L.L.C, Abu Dhabi, to establish a private hospital in Abu Dhabi, United Arab Emirates.

**2007**

- The Company, holding 100%, established a new subsidiary under Global Medical Network Co., Ltd. to establish a private hospital in Hua Hin, Prachuapkhirikhan Province. Presently, the company has changed its registered name to Bangkok Hospital Hua Hin Co., Ltd.



- Royal Angkor International Hospital, a 21-bed hospital in Seam Reap, Cambodia under the management of Angkor Pisith Co., Ltd., a subsidiary in which the Company holds 80%, opened for business on 15th January 2007, with the grand opening held on 19th November 2007.



- Royal Rattanak Hospital, a 30-bed hospital in Phnom Penh, Cambodia, under management of Royal Rattanak Medical Services Co., Ltd., in which the Company holds 70 percent, opened for business on 1st September 2007.

- The Company bought additional shares of Ramkhamhaeng Hospital PLC. or "RAM", increasing holdings from

19% to 26.2%. Later, the Company made a bid offer for the remaining shares of RAM during 4th January 2008 through 7th February 2008 at the price of Baht 480 per share. After the bid, the Company held 38.2% of RAM outstanding shares.

**2008**

- The Company established Greenline Synergy Co., Ltd. to act as the center for information technology. The aim of this new company is to standardize information technology within the Group for the best interests of the end users and to lower costs associated with information technology developments. The Company holds 100% of Greenline Synergy.
- In fourth quarter, the Company bought the 256-slice multi-detector CT scan, the newest innovation in high-speed, computerized x-ray to detect and diagnose acute coronary syndrome at Bangkok Heart Hospital.

**2009**

- The Company invested in the Bangkok Hospital Khao Yai Co., Ltd., holding 100% of the total outstanding shares, to operate a private hospital in Park Chong, Nakornratchasima Province.
- The Company installed the Tele Interpreter system to improve communications between physicians and



patients from overseas. The system employs the videophone to provide interpreters in 26 languages. There are applications that provide interpretation of 3 major languages, namely, Japanese, Arabic and English. Interpreters are available 24 hours a day using Unified Communication technology. The system is installed on the physicians' and interpreters' computers for communication and exchange of information. In the case that the interpreter is outside the hospital, the interpreter can use the Wireless IP Phone to communicate at any time.

- The Spine Institute, Bangkok Hospital acquired surgical instruments to assist in providing the best spine and brain surgery.
  - Intraoperative CT scanner, or O-arm, photographs the spine and the surrounding areas Computerized Tomography through X-Ray. The resulting photograph is precise and pinpoints the spine during surgery. This new technology enables surgeons to operate on small areas or in pinning the spine with the highest accuracy.
  - Surgical Navigator ("Stealth 7") an innovative instrument used in spine and brain surgery, which assists the surgeon in accurately determining the exact location of brain tumors or various points in the spine to within a fraction of a millimeter.

#### Prestigious Awards Received

- The Company is a group of private hospitals, which has received accreditation at both the domestic (HA : Hospital Accreditation) and international levels (JCI



Accreditation) in accordance with accreditation standards in the United States. The seven hospitals that have received the accreditation are: Bangkok Hospital, Bangkok Heart Hospital, Wattanosoth Hospital (Bangkok Cancer Hospital), Samitivej Sukhumvit Hospital, Samitivej Srinakarin Hospital, Samitivej Sriracha Hospital, BNH Hospital, Bangkok Hospital Pattaya and Bangkok Hospital Phuket.

- The Company was ranked as one of the companies with Very Good CG scoring in 2009 in the Corporate Governance Report of Thai Listed Companies 2009 compiled by the Thai Institute of Directors (IOD) with the support of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission (SEC).



- Bangkok Hospital received the "Golden Sun Award 2009" from the Software Industry Promotion Agency (Public Organization) for excellence in utilizing Thai software for the best interest of the Company in terms of developing innovation, investment, increasing quality of working atmosphere and saving the environment.

- The Asian Corporate Social Responsibility Award 2008, the winner in the Concern for Health category at the Asian Forum on Corporate Social Responsibility (AFCSR) organized by the Asian Institute of Management and Intel in Singapore on 21st November 2009 for the BMC Sky ICU Project.

- EURAMI Accreditation : The EURAMI (European Aero-Medical Institute) International Accreditation & Standardization is an organization accrediting standards in air medical transport that is widely recognized in Europe and the United States. In October 2008, EURAMI has certified that in transporting patients by air in the fixed and rotary wing category, the air medical transport unit at Bangkok Hospital has met the highest standards in terms of structure and safety, as well as process and results.

- Disease or Condition-Specific Care Certification by the Joint Commission International (JCI), United States of America. In October 2008, Bangkok Hospital has evolved into an Excellence Center and received Disease or Condition-Specific Care Certification as follows:

1. Primary Stroke Center
2. Acute Coronary Syndrome
3. Heart Failure
4. Breast Cancer Conserving Therapy

- Global Leadership Team Award 2008 held by Health Leaders Media, in the United States. This was the first time that the award has been given to a hospital outside the US.



- "The Best Deal" award from "The Assets Country Awards 2008" by The Assets magazine from issuance of uncollateralized unsubordinated debenture and the restructuring of the Group's finances in the amount of Baht 8,400 million.
- Thai-Canadian Chamber of Commerce Business Excellence Award for Best Professional Services - Health Services Award 2007\*

## 2. Social Activities

- "Beat Breast Cancer" Project : Wattanosoth Cancer Hospital has recognized that breast cancer is one of the leading causes of death in women. The Hospital organized a fashion show to introduce the "Beat Breast Cancer" shirt. Proceeds from the sales of the shirts were donated to the Breast Foundation under the Patronage of HRH the Princess Mother in support of breast cancer research and cure.



- "Bone Marrow Transplant in Children": Wattanosoth Cancer Hospital, through the Bone Marrow Transplant Center, launched the Bone Marrow Transplant in Children Project to provide surgery to 9 underprivileged children suffering from Beta Thalassemia.



- "Take Care Bangkok" Bangkok Hospital and the Health Department, Bangkok Metropolitan Administration, the Sports Science Department, Sports Authority of Thailand, and the Sport Medicine Association of Thailand have recognized the benefits of exercising and launched the "Health Care" Project at Lumpini Park in 2005. The project is presently in its 12th year, therefore, the Hospital organized the "Take Care Bangkok 12th Anniversary" event on Saturday, 17th October 2009 at the Senior Citizens' Building, Lumpini Park. The event included medical check-ups free of charge as well as medical care services to those exercising at the Park every Saturday and Sunday and emergency vehicles Monday thru Friday, also free of charge.



- Community Services in conjunction with The Vejdusit Foundation, under the Royal Patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra
- A total of 9 research grants in medicine, nursing and public health in 2009 were awarded totaling Baht 981,100 to support the continuous development of physicians, nurses and public health as well as alleviating the government's budget. The completed projects were published in national medical journals and some have been accepted internationally.
- Merit making activities by donating medicine and first-aid kits to monks and temple goers at the medical

center at the Asokaram Temple, Samutprakarn Province.

- Helping orphans at the Phayathai Babies' Home and the Babies' Home at Baan Somwai (Klongtoey Slum) by providing lunch and donating medicine, medical supplies and other essential household items.

### 3. Business Operations

1. Hospital business: under "Bangkok Hospital", "Bangkok Heart Hospital" and "Wattanosoth Cancer Hospital".
2. Investments: the Company invested in private hospitals and medical care related businesses through various subsidiaries as follows:

### Investment in Medical Services

Service Area	Operated by	No. of Beds	Shareholding%
1 Bangkok and Metropolitan	1 Samitivej PLC. : Samitivej Sukhumvit Hospital	296	95.76
	2 Samitivej PLC. : Samitivej Srinakarin Hospital	350	95.76
	3 BNH Medical Center Co., Ltd. : BNH Hospital	144	91.42
	4 Bangkok Hospital Phrapradaeng Co., Ltd.	60	79.00
	5 Ramkamhaeng Hospital PLC (Not involved in management)	300	38.24
	6 Prasit Patana PLC. : Phyathai Hospital 1, Phyathai Hospital 2, and Phyathai Hospital 3 (Not involved in management)	790	19.43
2 Eastern Region, covering Chonburi, Rayong, Chantaburi and Trad Province	7 Bangkok Hospital Pattaya Co., Ltd.	364	97.21
	8 Bangkok Hospital Rayong CO., Ltd.	170	100.00
	9 Vatthanavej Co., Ltd. : Bangkok Hospital Chantaburi	171	99.67
	10 Bangkok Hospital Trat Co., Ltd.	114	99.76
	11 Samitivej Sriracha Co., Ltd. : Samitivej Sriracha Hospital (shares held by Samitivej Plc., an affiliate)	148	67.52

## Investment in Medical Services

Service Area	Operated by	No. of Beds	Shareholding%
3 North Eastern Region, covering Nakhon Ratchasima and Udon Thani Province	12 Bangkok Hospital Ratchasima Co., Ltd.	300	89.16
	13 Udon Pattana 1994 Co., Ltd. : Ake Udon Hospital (Not involved in management)	350	10.00
	14 Bangkok Hospital Khaoyai Co., Ltd. (Not yet operational)	60	100.00
4 Southern Region, covering Prachuapkhirikhan, Surat Thani, Phuket and Songkhla Province	15 Bangkok Hospital Phuket Co., Ltd.	317	99.63
	16 Bangkok Hospital Hatyai Co., Ltd.	165	98.75
	17 Bangkok Hospital Samui Co., Ltd.	50	100.00
	18 Bangkok Hospital Hua Hin Co., Ltd. (Not yet operational)	60	100.00
5 Cambodia	19 Angkor Pisith Co., Ltd.: Royal Angkor International Hospital	21	80.00
	20 Rattanak Medical Services Co., Ltd. : Royal Rattanak Hospital	30	70.00
	21 Phnom Penh Medical Services Co., Ltd. (Not yet operational)	100	100.00

## Investments in Medical Care Related Businesses

Type of Business	Entity	Shareholding Percentage
1 Manufacture and Distribution of medicine	The Medic Pharma Co., Ltd	49.00
2 Share Service	National Healthcare Systems Co., Ltd.	74.00
3 Bio Molecular Lab	Bio Molecular Laboratories (Thailand) Co., Ltd.	95.00
4 Public Relations and Marketing Support to network hospitals	Cool & Joy Co., Ltd.	30.00
5 Medical Evacuation	Bangkok Helicopter Services Co., Ltd.	49.00
6 Property (land) lease for hospital business in Cambodia	S.R. Property Investment Co., Ltd. Seam Reap Land Investment Co., Ltd. Phnom Penh First Property Co., Ltd	49.00 49.00 49.00
7 Holding Company	Asia International Healthcare Co., Ltd.	100.00
8 Information Technology	Greenline Synergy Co., Ltd.	100.00

#### 4. Income Structure of the Company and its Subsidiaries

Comparison of income structure of the Company and its subsidiaries during 2007-2009

Type of Income	Entity	% of Shares	Unit : Million Baht					
			2009		2008		2007	
			Income	%	Income	%	Income	%
Healthcare services	Bangkok Dusit Medical Services PCL	100.0	6,851.6	31.7	6,948.0	32.8	6,304.1	34.2
	Samitivej PCL	95.8	5,468.6	25.3	5,438.2	25.7	4,632.3	25.1
	BNH Medical Center Co., Ltd.	91.4	1,464.0	6.8	1,427.4	6.7	1,307.2	7.1
	Bangkok Prapraaeng Hospital Co., Ltd.	79.0	168.3	0.8	159.0	0.8	126.9	0.7
	Bangkok Pattaya Hospital Co., Ltd.	97.2	2,202.7	10.2	2,205.0	10.4	1,957.2	10.6
	Bangkok Rayong Hospital Co., Ltd.	100.0	1,030.1	4.8	933.0	4.4	729.8	4.0
	Bangkok Trat Hospital Co., Ltd.	99.7	249.0	1.2	219.4	1.0	198.0	1.1
	Wattanavej Co., Ltd.	99.6	541.8	2.5	539.2	2.5	481.4	2.6
	Bangkok Hatyai Hospital Co., Ltd.	98.7	761.0	3.5	689.2	3.3	592.1	3.2
	Bangkok Samui Hospital Co., Ltd.	100.0	391.2	1.8	343.5	1.6	258.2	1.4
	Bangkok Phuket Hospital Co., Ltd.	99.6	1,541.5	7.1	1,553.7	7.3	1,336.8	7.3
	Bangkok Ratchasima Hospital Co., Ltd.	89.6	673.2	3.1	548.3	2.6	417.6	2.3
	Angkor Pisith Co. Ltd.	80.0	86.2	0.4	79.2	0.4	53.6	0.3
	Rattanak Medical Services Co., Ltd.	70.0	110.7	0.5	75.2	0.4	3.0	0.0
<b>Total</b>			<b>21,539.9</b>	<b>99.7</b>	<b>21,158.3</b>	<b>99.9</b>	<b>18,398.2</b>	<b>99.9</b>
Other income	National Healthcare Systems Co., Ltd.	74.0	23.6	0.1	4.5	0.0	6.0	0.0
	Bio Molecular Laboratories (Thailand) Co., Ltd.	95.0	33.5	0.2	24.8	0.1	19.3	0.1
<b>Total</b>			<b>57.1</b>	<b>0.3</b>	<b>29.3</b>	<b>0.1</b>	<b>25.3</b>	<b>0.1</b>
<b>Total income from operations</b>			<b>21,597.0</b>	<b>100.0</b>	<b>21,187.6</b>	<b>100.0</b>	<b>18,423.5</b>	<b>100.0</b>

# Future Projects

The Company has two current investment projects as follows:

1. 60-bed private hospital in Hua Hin, Prachuapkhirikan Province to be operated by Bangkok Hospital Hua Hin Co., Ltd., The Company has purchased the land and is in the process of construction with expected completion in 2011.
2. 60-bed private hospital on Mitrapap Road, Khao Yai, Nakornratchasima Province to be operated by Bangkok Hospital Khao Yai Co., Ltd.. The Company has purchased the land to construct the new hospital to be named Bangkok Hospital Khao Yai.



# Research and Development

## Research & Development Accomplishments in 2009

Bangkok Hospital, Bangkok Heart Hospital and Wattanosoth Hospital (Bangkok Cancer Hospital) recognize the importance of medical service quality and the utmost safety of patients. To this end, the hospitals encourage academic and research projects to support medical staff in all medical fields in continuously developing medical and nursing knowledge through the IRB & Ethics Committee. In 2009, the Committee approved a total of 16 research projects, which include both clinical research and quality improvement. The projects are as follows:



### Clinical Research

- “CARES - THAI Registry” by Miss Supak Karnjana-porn, M.D., Cardiac Rehabilitation Center, Bangkok Heart Hospital and the Heart Association of Thailand Under the Royal Patronage.
- “Thai HEmodialysis RegistrY (THEORY)” by Mr. Manoch Tejachokviwat, M.D., Kidney Center, Bangkok Hospital.
- “Preoperative of lymph node metastasis of colorectal cancer by FDG PET/CT scan” by Mr. Attawut Chua-thong, M.D. Surgical Oncology and Colonel Samart

Rajchadara, M.D. Radiology (Nuclear Medicine), Wattanosoth Cancer Hospital presented at an academic seminar in Myanmar in February 2010.

- “Breast Cancer with Over-expression of ErbB2 - Study of the Treatment Paradigm in Metastasis to BRAIN (BRAINSTORM)” by Assistant Professor Mr. Surachat Chakrapee-Sirisuk, M.D. Out-Patient Center, Wattanosoth Cancer Hospital.
- “Outcome of Upper Gastrointestinal Bleeding (UGIB) Treatment: Multi-center study in Thailand” by Mr. Pisit Naprasert, M.D. Gastroenterology, Bangkok Hospital and Clinical Research Collaboration Network (CRCN).

### Quality Improvement Research

- “Goals and Objectives of the International Cardiac Surgery Benchmarking (ICSB) Pilot Project” by Bangkok Heart Hospital.
- “Comparison of Survey of Attitude and Patient Care Safety between 2009 and 2010 of In-Patients During Rounds and Information on Patient Care Safety” by Nursing Staff
- “Evaluation of Acute Pain Alleviation in Patients After Surgery” by Research & Development Unit, Quality



Development Center to develop pain alleviation at Bangkok Hospital.

- “Nursing Activities Score Analysis in BMC Critical care units (NASA)” by Nursing Staff



### **Cooperation between Bangkok Hospital and Srinakharinwirot University (SWU)**

#### **• Medical Research Cooperation**

The Hospital and Srinakharinwirot University (SWU) appointed a joint Research Committee comprised of lecturers from both organizations to exchange information on research projects currently conducted by the two organizations as well as to study the research potential of the organizations. A summary of the research progress is as follows:

1. The prevalence of disease in patients with sleep apnea from obstructive respiratory tract by Mr. Suprapol Chantaphan, M.D. and Professor Chairat Niruntarat, M.D. from Srinakharinwirot University (SWU) and Dr. Yotin Chinvarun, M.D. from Bangkok Hospital. The project received a grant from the Faculty of Medicine, Srinakharinwirot University (SWU).

2. Prevalence of Chronic Kidney Disease: Data From the Six Years of Health Check Up Program in Thai Healthy Population Associate Professor Siribha Changsirikulchai, M.D. from Srinakharinwirot University (SWU) and Mr. Suteetat Sukumlchantra, M.D. and Mr. Akaraphan Suravilus, M.D. from Bangkok Hospital presented their research at the World Congress of Nephrology in November 2009 in Italy before publishing in an international journal.

#### **• Nursing Cooperation**

Wattanosoth Cancer Hospital, the Faculty of Nursing, Srinakharinwirot University (SWU) and the National Cancer Institute conducted a course on Nursing Cancer Patients from 27 December 2008 to 7 June 2009 at the Faculty of Nursing, Srinakharinwirot University (SWU), Wattanosoth Cancer Hospital and the National Cancer Institute.

#### **• Medical Equipment Cooperation**

The Hospital installed CT and MRI scans at Pan-yananthaphikkhu Medical Center, Chonprathan Hospital, Srinakharinwirot University (SWU) and HRH Princess Maha Chakri Sirindhorn Medical Center. The project was a joint effort between private hospitals and state hospitals in promoting medical technology.



## Academic Conferences in 2009

1. Bangkok Trauma Day 2009 1-2 December 2009, the Referral Trauma and Emergency Medical Excellent Center Committee, Bangkok Hospital recognizes the importance in caring for trauma patients and therefore organized this conference to increase knowledge and exchange experiences in caring for trauma patients, the process of evaluating and selecting patients so that the treatment of trauma patients meets international standards and streamlined throughout the Bangkok Hospital network. Guest speakers from within and outside the organization were invited to share their knowledge and experiences. A workshop was held on ESI VERSION 4 AND CODE for 80-100 participants including physicians and trauma nurses.

2. BDMS Stroke Network 17-18 December 2009, the Neurology Center, Bangkok Hospital collected a database on stroke patients that meet international standards and was accredited by the Joint Commission International (JCI) in 2008 as the Primary Stroke Center. The conference was organized to share knowledge to Bangkok Hospital's network hospitals across the country with emphasis on the significance of quality medical services provided to stroke patients and network database of stroke patients that can be used for research and development in stroke treatment in the future.

In the past three years, the Company has provided financial support for research and development as follows:

## Financial Support for Research and Development

Year	Total
2009	Baht 10.85 million
2008	Baht 32.82 million
2007	Baht 32.61 million

# Industry and Competition

Global need for medical care services will rise with the increase in life expectancy, which has come up from 48 years of age in 1955 to 67 years of age in 2004. The global population has also continuously increased. It is expected that by the year 2050 the global population will reach 9.3 billion people, with the most growth in Asia with an expected population of 5.4 billion people. This will all lead to increasing demand for medical care services every year.

In Thailand, data as of 30th September 2009 from the Medical Registration Division, the Ministry of Public Health shows that there are 322 private hospital operators in Thailand, totaling 33,405 beds. A majority of the private hospital operators, 115 in total, have no more than 50 beds, while 107 operators have 51-100 beds and 100 operators have over 100 beds.

## Statistics of Medical Centers by Number of Beds in 2009

Number of Beds	Bangkok		Regional		Total	
	Hospitals	Beds	Hospitals	Beds	Hospitals	Beds
1-50	26	785	89	2,823	115	3,608
51-100	23	1,938	84	7,189	107	9,127
More than 100	47	11,210	53	9,460	100	20,670
Total	96	13,933	226	19,472	322	33,405

**Source :** Medical Registration Division, Ministry of Public Health

**Note :** As of 30th September 2009



## Private Hospital Business in Thailand

The private hospital business is one of the important businesses in developing the services industry as well as the domestic economy, which creates continuous revenue to other industries such as the tourism industry. Medical tourism has raised the image of Thai medical services to that of international standards, meeting the Thai government's strategy in developing Thailand into "the Medical Hub of Asia" as well as "the Tourism Capital of Asia".

In recent years, Thailand has been recognized as a leader in medical services in the region. Presently, Thailand has attracted the most number of foreign patients in the world<sup>1</sup> as Thailand has advantages in providing quality medical care, highly expert physicians, internationally accepted treatment of all diseases as well as a friendly and generous care, which has impressed the many foreign patients that have been treated in Thailand. Furthermore, management of private hospitals in Thailand meet internationally accepted standards, giving foreigners confidence in the quality of service of Thai hospitals. Moreover, medical services costs are reasonable as operators have the strategy to utilize their network to control operational costs.

### Growth and Outlook of Private Hospitals

In 2009, the growth of private hospitals was slow

compared to recent years due to the economic slowdown in the first half of the year, which caused some of the domestic patients to visit state hospitals that are able to provide the services needed at lower costs. Foreign patients have decreased due to the domestic political instability. However, in the second half of the year, domestic patients have returned to the private hospitals due to the 2009 Flu scare and seasonal flu. In addition, the decrease in political tension and signs of economic recovery also brought back foreign patients.

It is forecasted that medical tourism will grow by around 20% to 1.64 million people in 2009 from a total of over 14 million visitors. This is a decrease of 4% compared to 14.58 million foreign tourists in 2008.

### Medical Tourists compared to Total Foreign Tourists

Year	Foreign medical tourists		Foreign medical tourists	
	Number (persons)	% Change	Number (persons)	% Change
2005	1,249,984	13.32	11,516,936	-1.15
2006	1,330,000	6.40	13,821,802	20.01
2007	1,373,807	3.29	14,464,228	4.65
2008	1,363,297	-0.77	14,584,220	0.83
2009 (forecasted)	1,640,000	20.30	14,000,000	-4.01

**Source :** Ministry of Health, Tourism Authority of Thailand, Ministry of Tourism and Sports and Thailand Development Research Institute (TDRI)

<sup>1</sup> Thai Medical Service Trade, Office of Service Trade, Department of Export Promotion, Ministry of Commerce

Although the percentage of revenues generated from medical tourists compared to revenues from the overall Thai tourism industry is not so high at less than 10%, Thai medical tourism is expected to grow at a continuous and rapid pace. Foreign medical tourists spend about 3 times as much money as tourists who come for relaxation. Revenue from foreign medical tourists is on average Baht 13,600 per person per day<sup>2</sup> compared to revenue from general foreign tourists of about Baht 4,121 per person per day.<sup>3</sup>



### Comparison of revenue from foreign medical tourists and total revenue from foreign tourists

Year	Total revenue from foreign tourists (million Baht)	Revenue from foreign medical tourists (million Baht)	Revenue from foreign medical tourists as a proportion of total revenue from foreign tourists (%)
2005	367,380	33,000	8.98
2006	482,319	36,000	7.46
2007	547,782	40,000	7.30
2008	520,000	50,000	9.62

*Source : Ministry of Health, Tourism Authority of Thailand, Ministry of Tourism*

<sup>2</sup> BOI website, "A Medical Trade Valued at US\$40 billion with a 20% Annual Growth"

<sup>3</sup> Tourism Authority of Thailand website, "Tourism Statistics"

# Risks

## Economic Risks

In 2009, private hospitals were affected by the global financial crisis and the political instability like any other business in the service industry. However, private hospitals differ from general tourist-related businesses in that other businesses may be deferred or easily cancelled, but urgent medical care cannot be deferred, and thus, a hospital visit cannot be avoided. The patient, however, may choose to go somewhere with better quality medical care, lower medical costs and convenient and safe medical services.

The Company, a large private hospital group, had to adapt to the financial crisis in 2009. With the decrease in purchasing power, some patients opted for more affordable health care instead of premium health services. The Company was also affected by the decrease in revenue from patients from overseas due to the domestic political instability.

Although the company strives to grow its foreign patient and medical tourism markets, it nevertheless places great importance on maintaining the level of healthcare services extended to the domestic market and growing its domestic business. The Company operates private hospitals throughout Thailand in order to reach and meet the needs of Thai patients across the country.

## Operational Risks

### 2.1 Competition

The Company recognizes the risks of competition and has thus developed the Bangkok Hospital Group into a strong medical care provider in terms of a network that stretches across various regions both

domestically and internationally, and in terms of medical skills. The Company has invested in state of the art medical equipment and has continuously improved the quality of medical care services. Currently, the Company has 7 hospitals within the Group which have received accreditation from the Joint Commission International Accreditation (JCI), USA, which shows the readiness and potential in providing medical care services that meet international standards to both Thais and foreigners. Those hospitals are Bangkok Hospital, Samitivej Sukhumvit Hospital, Samitivej Srinakarin Hospital, Samitivej Sriracha Hospital, Bangkok Hospital Pattaya, BNH Hospital and Bangkok Hospital Phuket.



The Company has utilized “share services” within the Group to decrease cost of production and to streamline the medical care standards as well as technology in order to increase competitive edge in the private hospital business and expand the medical care market in all regions of Thailand.

### 2.2 Lack of Medical Staff

Expert medical staff is an essential tool driving the private hospital business. Medical staff includes physicians, surgeons, nurses, pharmacists and technical

staff. Therefore, the Company faces the risk of lack of expert medical staff. However, Bangkok Hospital has a budget set aside for continuous education in various specializations as well as being a learning organization in various medical fields including state of the art medical technology in order to create professional stability for our personnel. The Company has also determined suitable compensation for the various medical fields comparable to those of other private hospitals. The Company recognizes the importance of the working environment and has organized activities to encourage unity within the Group such as sports events and karaoke singing contests, in order to foster relationships between the companies and personnel.



### 2.3 Lawsuits

Generally, people have the ability to seek information and be aware of patients' rights. In 2008, the government issued the Act on Court Proceedings for Consumer Cases B.E. 2551 (2008) (generally known as the "Consumer Cases Act") which may impact the medical care businesses as well as medical professionals. The Company may face risk of higher number of lawsuits regarding medical care. Therefore, management has given importance to quality of medical care services, selection of doctors, and

patients' rights, in terms of providing information, managing expectations of customers, the reporting process and customer complaint resolution. Moreover, the Company recognizes the importance of quality improvement and international service standard indicators in order to lessen the risk of lawsuits.

### 2.4 Dependency on Foreign Patients

The current domestic political instability and the recent downturn of the global economy have lessened the number of foreigners traveling to Thailand for both tourism and investments. This in turn may decrease the number of foreign patients at the hospital. The Company has expanded the domestic customer base in order to lessen the effects of the decreasing number of foreign patients.

### 2.5 Foreign Investments

The Company has invested in three private hospitals in Cambodia. Although the Company has studied the feasibility of this investment in great detail, as well as decreased the investment risk by forming an associate company with well-known local investors, the Company may still face risks on returns from future competition, economic and political risks, and foreign currency exchange risk of future returns.





### 3. Financial Risks

#### 3.1 Receipt of Medical Care Payments

In providing medical care to patients, the service is provided before payment is received which may cause risk in not receiving full payment from the patients. The Company has the policy to manage this risk as follows:

1. Providing medical care to patients who will be directly responsible for the costs: In the case of non-emergency medical care, the Company has the policy to provide an estimate of the costs so that the patient is aware of the budget and can pay a deposit before beginning treatment.
2. The Company also informs the patient of the cost throughout treatment and allows gradual payments to lessen the financial burden of a one-time payment after treatment.
3. In collecting medical care payments from counterparties, the Company has the policy to carefully approve the credit line by analyzing the counterparty's credit history and financial status, as well as regularly evaluating the relationship.

The Company has a Receivables Management Committee to consider the risks and risk management as well as to find suitable solutions for the Company and the patient in the case that there is a problem in making medical care payments.

#### 3.2 Interest Rate Volatility Risk

The volatility of interest rates may affect the Company's cost of capital, however, the Company has a policy to prevent such risk, which includes entering into interest rate swaps according to the market conditions. As of 31st December 2009, the Company had financial debts at the floating rate in the amount of Baht 164.2 million or 1.24% of total financial debts.



# Shareholding Structure and Management

## 1. Shareholding Structure

The top ten major shareholders of the Company as of 30<sup>th</sup> December 2009 are as follows:

Name	Total	% of total shares
THAILAND SECURITIES DEPOSITORY COMPANY LIMITED FOR DEPOSITORS (local account)	291,448,782	24.00
Mr. Prasert Prasartthong-osoth, M.D. and spouse	154,571,084	12.73
THAILAND SECURITIES DEPOSITORY COMPANY LIMITED FOR DEPOSITORS (foreign account)	137,483,444	11.32
Bangkok Airways Company Limited and Bangkok Airways Holding Company Limited*	112,841,869	9.29
Viriyah Insurance Co., Ltd.	96,200,263	7.92
Mr. Satit Viddayakorn and spouse	81,059,631	6.67
Mr. Pongsak Viddayakorn, M.D. and spouse	64,197,327	5.29
Miss Poramaporn Prasarttong-Osoth, M.D.	48,455,320	3.99
Mr. Chiroetchana Sucharto, M.D. and spouse	39,273,009	3.23
Mr. Chuladej Yossundharakul, M.D. and spouse	27,565,795	2.27
<b>Total</b>	<b>1,053,096,524</b>	<b>86.71</b>

**Source :** The Thailand Securities Depository Company Limited (TSD)

**Note :** \*Shareholders 1 and 4 are the same group.

## 2. Personnel

As of 31<sup>st</sup> December 2009, the Company had 2,384 employees and 802 physicians, details as follows:

Type	Staff Physicians and Employees	Consulting Physicians and Part-time Employees	Total	Unit : persons
Nurses	594	20	614	
Employees	1,540	230	1,770	
<b>Total employees</b>	<b>2,134</b>	<b>250</b>	<b>2,384</b>	
Physicians	303	499	802	

**Note :** Staff physicians refer to physicians who work 40 hours or more per week for the Company and are not considered employees of the Company.

### 3. Management Structure

As of 31<sup>st</sup> December 2009, the management structure of the Company is comprised of the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee and the top four executive officers, details as follows:

#### Board of Directors

1. Prof. Arun Pausawasdi, M.D.  
Chairman of the Board/ Independent director
2. Mr. Prasert Prasarathong-osoth, M.D.  
President
3. Prof. Sanoe Indrasuksri, M.D.  
Independent director
4. Mr. Pongsak Viddyakorn, M.D.  
Director
5. Mr. Wallop Adhikomprapa  
Director
6. Mr. Chuladej Yossundharakul, M.D.  
Director
7. Mr. Chirotchana Sucharto, M.D.  
Director
8. Prof. Santasiri Sornmani, M.D.  
Independent director
9. Mr. Thavatvong Thanasumitra  
Director
10. Mr. Kitipan Visudharom, M.D.  
Director
11. Mr. Chatree Duangnet, M.D.  
Director
12. Dr. Somchai Sujapongse  
Independent director
13. Mr. Sripop Sarasas  
Independent director
14. Mr. Pradit Theekakul  
Director

#### Authorized Directors

Two directors out of the following six may sign jointly and affix the company seal: Mr. Prasert Prasarathong-osoth, M.D., Mr. Pongsak Viddyakorn, M.D., Mr. Wallop

Adhikomprapa Mr. Chuladej Yossundharakul, M.D., Mr. Chirotchana Sucharto, M.D. and Mr. Chatree Duangnet, M.D.

#### Duties and Responsibilities of the Board of Directors

1. Perform duties using their knowledge and expertise for the benefit of the Company in accordance with the regulations of the Company and resolutions of the shareholders' meeting. Directors are authorized to perform actions indicated in the Articles of Association, the Public Company Act and relevant laws.
2. Comply with the provisions and the good practices of listed company directors of the Stock Exchange of Thailand.
3. Determine policies and ensure that management acts in accordance with those policies, as well as approve business plans, annual budgets and investments, and make financial decisions.
4. Monitor the operational results of management and the Company in order to ensure consistency with established goals and plans.
5. Set efficient internal control and audit systems for the purpose of auditing, operational oversight and liaise with the Audit Committee.
6. Protect the interests of the shareholders and practice standardized and transparent disclosure of information.

#### Audit Committee

The Board of Directors meeting 4/2008 on 30<sup>th</sup> April 2008 resolved to appoint the Audit Committee, which is to be comprised of three independent directors with a term of three years. The members of the Audit Committee are as follows:

1. Prof. Santasiri Sornmani, M.D.  
Chairman of the Audit Committee
2. Dr. Somchai Sujapongse  
Committee Member
3. Mr. Sripop Sarasas  
Committee Member

The Audit Committee is nominated from the independent directors, who possess the qualifications as stated in "Selection of Directors and Executive Officers" on page 43 of the Annual Report.

#### **Duties and Responsibilities of the Audit Committee**

In order that the Audit Committee may perform the duties as assigned by the Board of Directors, the Audit Committee shall have the following duties and responsibilities:

1. Ensure the correct, complete and reliable issuance of reports and disclosure of information in the financial reports of the Company by liaising with external auditors and executives responsible for the preparation of quarterly and annual financial reports.
2. Ensure the use of proper and efficient internal control measures and engage in the joint revision with independent external auditors and internal auditors in order to ensure consistency.
3. Review transactions with subsidiaries or individuals in order to prevent conflicts of interest.
4. Ensure that the Company is in compliance with regulations of the Stock Exchange of Thailand and other relevant laws.
5. Review internal investigation evidence in the case that there is suspicion of fraud or abnormality or significant defect of internal control measures for submission to the Board of Directors for further consideration.
6. Instruct and review evidence in the case where there is suspicion of violation of law or any regulations of the Stock Exchange of Thailand, which may significantly affect the financial status and operational results of the listed company.
7. Nominate auditor and annual auditing fee for consideration of the Board of Directors for the approval of the shareholders' meeting.
8. Review medical services to ensure that the services meet the standards set.
9. Complete other tasks as assigned by the Board of Directors.

#### **Nomination and Remuneration Committee**

The Board of Directors meeting 4/2008 on 30<sup>th</sup> April 2008 resolved to appoint the Nomination and Remuneration Committee, which is to be comprised of three independent directors with a term of three years. The members of the Nomination and Remuneration Committee are as follows:

1. Prof. Sanoe Indrasuksri, M.D.  
Chairman of the Committee
2. Prof. Santasiri Sornmani, M.D.  
Committee Member
3. Mr. Sripop Sarasas  
Committee Member

#### **Duties and Responsibilities of the Nomination and Remuneration Committee**

1. Determine process and guidelines in selecting candidates for vacant positions of Directors and the President.
2. Determine suitable qualifications for Directors with regards to skill, experience and specialization, which are beneficial to the Company, devotion of time and fulfillment of duties.
3. Select qualified candidates who should be nominated as Director to the Board of Directors and request approval from the general shareholders' meeting.
4. Advise the Board of Directors on the structure and components of Directors' remunerations.
5. Determine guidelines for consideration of remuneration to suit duties and responsibilities of the Directors and dependent upon operational results of the Company in order to motivate and maintain capable, qualified Directors.
6. Report to the Board of Directors on the selection of directors and consideration of remuneration.
7. Complete other tasks as assigned by the Board of Directors.

## Top Four Executive Officers

Name	Position
1. Mr. Prasert Prasarthong-osoth, M.D	Chief Executive Officer (CEO) and President
2. Mr. Kitipan Visudharom, M.D.	Chief Medical Officer (CMD)
3. Mr. John Lee Koh Shun	Executive Vice President (EVP)
4. Mr. Raymond Chong Chin Wah	Chief Operating Officer (COO)
5. Mrs Narumol Noi-am	Chief Financial Officer (CFO)

### Duties and Responsibilities of Executive Officers

1. Determine business strategies, policies, business plans and budgets for the approval of the Board of Directors.
2. Control, audit and monitor operations of the Company as authorized by the Board of Directors in accordance with authorized responsibilities as approved by the Board of Directors for the utmost benefit of the Company and its shareholders to ensure efficiency and favorable business environment.
3. Assign and monitor operations of management, under the supervision of the President, as assigned by the Board of Directors.
4. Consider and review matters that are to be presented for approval by the Board of Directors, including identifying solutions to problems of the Company.
5. Engage in other duties occasionally assigned by the Board of Directors.
6. Legitimately and honestly act in accordance with the resolutions of the shareholders' meetings and the Board of Directors' meetings for the benefit of the Company within the objectives and regulations of the Company.

The above duties and responsibilities shall not include an item that will cause the executive officers or persons with possible conflict to have a stake or conflict of interest in any form (as determined by the Securities and Exchange Commission or SEC) with

the Company or subsidiaries. In such case, the said item or subject matter shall be presented to the Audit Committee and/or the Board of Directors (whichever the case may be) for approval.

### 4. Selections of Directors and Executive Officers

The Nomination and Remuneration Committee has the responsibility of selecting directors and the President to replace those that have finished their terms or must retire for other reasons. The Committee shall consider and select the qualified persons nominated by the shareholders and present the final candidates to the Board of Directors for later appointment by the shareholders. The Nomination and Remuneration Committee shall select qualified persons with knowledge, capability, past experience that is beneficial to the company, leadership skills, vision, and persons who are moral and ethical. In addition, the candidates shall have a transparent and untainted work history, autonomy in making decisions with professionalism and integrity, as well as meet the qualifications as stated in the Company's Articles of Association and the notifications of the Office of the SEC. The appointment of a Director must be approved by the shareholders' meeting as per the following guidelines:

1. Each shareholder has number of votes equal to the number of shares held.
2. Each shareholder shall cast all votes available to them under (1) to elect an individual or multiple individuals as director(s). In the event where multiple

directors are elected, votes may not be distributed to the various candidates in varying proportions.

3. Candidates with the most votes are to be appointed Directors up to the number open at a given meeting. If more candidates receive equal votes than the number of Directors required, the Chairman of the meeting must cast a deciding vote.

The appointment and dismissal of Directors shall be as prescribed in the Articles of Association as follows:

- The Board of Directors shall be comprised of at least 5 directors and no less than half shall have residence in Thailand.

- Directors shall be individuals with the following qualifications:

- A person of juristic age
- A person who is not bankrupt, incompetent or quasi-incompetent
- A person who has never been sentenced to imprisonment on a charge relating to fraudulent assets
- A person who has never been removed from service in the government or government agency due to fraudulent acts.

- At the annual general shareholders' meeting, at least one third (1/3) of the Board of Directors shall be retired. If the Board of Directors cannot be divided by three, then the closest number of Directors to one third (1/3) shall be retired. Directors who retire as aforementioned, may be re-elected.

- Apart from being retired at completion of term, a director may be retired under the following circumstances:

- 1) Death
- 2) Resignation
- 3) Disqualification or legally unqualified
- 4) The shareholders' meeting passes a resolution to retire a director, with no less than three quarters of the total number of shares present at the meeting and possess voting rights

provided that the total number of shares is no less than half of the total number of shares present at the meeting and possess voting rights

5) Court ordered

- Directors wishing to resign shall submit a letter of resignation to the Company to be effective upon receipt of the letter by the Company.

- In the event that a director position is vacant due to circumstances other than completion of term, the Board of Directors shall elect a qualified individual to fill the position at the next Board of Directors' meeting, except when the director's term is less than two months to completion. In this case, the individual serving as replacement shall remain in office for the remainder of the term of the director who has retired.

The resolution of the Board of Directors as the above shall be passed with number of votes no less than three quarters of the number of directors remaining.

- In the event that the number of vacant director positions is insufficient for quorum, the remaining directors may act on behalf of the Board of Directors only in organization of the shareholders' meeting in order to elect directors to the vacant positions. The meeting shall be held within one month from the day that the number of vacant director positions is insufficient for quorum. The individual elected to the vacant director positions shall remain in office for the remainder of the term of the director whom he replaces.

In addition to the above criteria in selecting the Board of Directors, the Company has stipulated that the Board of Directors shall be comprised of at least three independent directors who possess all qualifications as prescribed by the Office of the Securities and Exchange Commission. The selection of independent directors is the same process as the selection of directors. Independent directors shall possess the following qualifications:

1. Hold no more than 1% of shares with voting rights of the Company or affiliates, associated companies or subsidiaries, including shares held by related persons as per Clause 258 of the Securities Act.
2. Not be involved in management or be a staff member, employee, salaried advisor or have control over the Company, affiliates, associated companies or subsidiaries. In addition, the candidate must not pose conflict of interest or mutual benefits or stake except when such qualifications have ended for more than one year.
3. Have no business relation (counter-party to business agreement, supplier, creditor or debtor) whether directly or indirectly, both in terms of finances and management of the Company, affiliates, associated companies or subsidiaries.
4. Not a direct relative of management, major shareholders, counter-parties or beneficiaries of the

Company, affiliates, associated companies or subsidiaries, or be a direct relation to persons who could pose conflicts of interest with the Company, affiliates, associated companies or subsidiaries.

5. Not a person who has been appointed as representative of major shareholders or persons with control or representative of the interests of the Directors, major shareholders or persons with control.

## 5. Remuneration of Board of Directors and Management

### 5.1 Monetary Remuneration

- Directors' Remuneration

The Company paid remuneration to the Director and the Audit Committee Members for the accounting period ending 31<sup>st</sup> December 2009 as follows:

Name	Position	Attendance at Meetings	Remuneration (Million Baht)
1. Prof. Arun Pausawasdi, M.D.	Chairman/Independent Director	13	1.60
2. Mr. Prasert Prasartthong-osoth, M.D.	President	13	1.16
3. Prof. Sanoe Indrasuksri, M.D.	Independent Director	13	1.16
4. Mr. Pongsak Viddyakorn, M.D.	Director	11	1.12
5. Mr. Wallop Adhikomprapa	Director	12	1.14
6. Mr. Chirotchana Sucharto, M.D.	Director	12	1.14
7. Mr. Chuladej Yossundharakul, M.D.	Director	13	1.16
8. Prof. Santasiri Sornmani, M.D.	Independent Director	13	1.16
9. Mr. Thavatvong Thanasanmitra	Director	11	1.12
10. Mr. Kitipan Visudharom, M.D.	Director	11	1.12
11. Mr. Chatree Duangnet, M.D.	Director	12	1.14
12. Dr. Somchai Sujapongse	Independent Director	8	1.06
13. Mr. Sripop Sarasas	Independent Director	13	1.16
14. Mr. Pradit Theekakul	Director	13	1.16
<b>Total Remuneration</b>			<b>16.36</b>

- Remuneration of Sub-Committees

The Company paid remuneration to the two sub-committees, namely, the Audit Committee and the Nomination and Remuneration Committee in the form of meeting allowances as follows:

Name	Audit Committee		Nomination and Remuneration Committee	
	Meeting Attendance	Remuneration (Baht)	Meeting Attendance	Remuneration (Baht)
1. Prof. Sanoe Indrasuksri, M.D.			1/1	20,000.-
2. Prof. Santasiri Sornmani, M.D.	9/9	180,000.-	1/1	20,000.-
3. Dr. Somchai Sujapongse	6/9	120,000.-		
4. Mr. Sripop Sarasas	9/9	180,000.-	1/1	20,000.-
<b>Total Remuneration</b>		<b>480,000.-</b>		<b>60,000.-</b>

- Remuneration of Executive Officers

In 2009, the five Executive Officers received total compensation in the form of salary and bonus in the amount of Baht 41.14 million.

## 5.2 Other Compensation

- Directors and Audit Committee Members Apart from compensation in the form of meeting allowances and annual allowances as approved by the shareholders, as the Company provides medical services, the Directors receive medical benefits according to company policy, the same as with employees of the Company.

- Executive Officers Apart from compensation in the form of company car and mobile phone, executive officers also receive medical benefits according to

company policy, the same as with employees of the Company.

## 6. Dividend Payment Policy

In 2009, the Company prescribed a material dividend payment policy as follows: "the Company shall pay dividends at no less than 50% of profits, depending on business expansion and capital requirements of the Company in each year, as approved by the shareholders", except for dividends within accounting periods which may be approved by the Board of Directors if the Board deems that the Company has had good operating results and sufficient liquidity. During 2006–2009, the Company paid out dividends as follows:

Dividend Payment Date	Dividend Payment Rate (Baht per Share)	Dividend Payment Period
30 April 2009	0.60	January 2008 - December 2008
25 April 2008	0.50	January 2007 - December 2007
4 May 2007	0.50	January 2006 - December 2006
28 April 2006	0.50	January 2005 - December 2005

# Corporate Governance

The Company recognizes its role, duty and responsibility in practicing good corporate governance and believes that corporate governance determines the structure of the relationships among the shareholders, the Board of Directors, management and all stakeholders. The aim of good corporate governance is to increase competitive edge and value for shareholders in the long term, as well as the benefits of the other stakeholders, which will ensure the Company's continuous and sustainable growth.

The Board of Directors plays many significant roles; one of those roles is to ensure good corporate governance as assigned by the President and management, which will comply with approved corporate governance policies.

The Company's good corporate governance policies are in compliance with the guidelines set by the Stock Exchange of Thailand. The Company monitors the new regulations that have been put into practice and adjusts the Company's practices to comply with such regulations, which is supported by the Board of Directors and management to encourage practice and set examples.

## 1. Corporate Governance Policy

The Board of Directors is responsible to every shareholder and endeavors to understand the needs of shareholders, as well as assess economic, social, environmental and ethical factors which may significantly impact the interests of shareholders. Each Director must possess honesty, determination, as well as independence of thought and decision making. In addition, the Board of Directors must also be aware of the interests of the other stakeholders.

The corporate governance policy recognizes the special role that the Board of Directors plays in connecting the shareholders with the President, as well as management. Furthermore, the policy clearly covers the dual role of the President and other Directors who are both members of the Board and members of executive management.

The Board of Directors has emphasized good corporate governance through integration of policy and business direction, sufficient internal controls and auditing, as well as ensuring that management act efficiently under the established policies so as to ascertain that the Company is transparent, ethical and abides by the governing laws and regulations.

The Board of Directors has entrusted the Audit Committee to draft the internal audit scheme to ensure that the organization complies with all policies, including the regular monitoring, review and revision of policy. This is to assure that the Company's corporate governance policy is up-to-date and suits the present situation.

The Corporate Governance Policy covers the following topics:

1. Rights and equal treatment of shareholders and the shareholders' meeting
2. Policy on stakeholders' interests
3. Disclosure and transparency
4. Responsibility of the Board of Directors and sub-committees
5. Business ethics

## 2. Rights and Equality of Shareholders

### 2.1 Rights and Equality

The Company is responsible to shareholders in disclosure of information, preparation of financial statements, utilization of insider information and resolution of conflicts of interest. Management must possess ethics and any decisions made must be made with honesty and integrity, as well as be fair to major and minor shareholders for the good of the whole.

The Company is aware of its responsibility in assigning importance to rights without bias and equal treatment of all shareholders. It is the Company's duty to protect the rights and interests of the shareholders, including the right to dividend payments and the right to receive relevant information regularly and in a timely fashion. Moreover, the Company has the duty to disclose information with transparency and show respon-

sibility of management by holding the shareholders' meetings.

The Company has the policy to support disclosure of information and business transactions so that the shareholders may better understand the Company's operations. Major and minor shareholders equally receive information on business operations, management policy and the financial statements of the Company and have the right to be treated equally in the distribution of dividends and returns.

The shareholders shall receive proxy forms to allow the shareholders to appoint an authorized representative. The Company suggests that in the case that the shareholder cannot attend a particular meeting, the shareholder should appoint an independent director as proxy to attend the meeting and vote on the shareholder's behalf.

The Company has a policy to give the shareholders the opportunity to submit questions and to propose agendas for the annual shareholders' meeting to the Board of Directors prior to the meeting. In the case that the Board of Directors has considered that the proposed agenda is suitable, constructive and beneficial to the Company, the Board of Directors will include such agenda in the meeting proceedings for consideration of the shareholders. However, if the Board of Directors is of the opinion that such agenda is not suitable, the Board of Directors shall report this to the shareholders' meeting and provide reasons as to why that agenda was not included in the proceedings. The Company has provided shareholders the opportunity to propose agendas since the annual general meeting in 2009.

## 2.2 Shareholders' Meetings

The Company's policy is to convene the shareholders' meeting as prescribed by law and give shareholders the opportunity to be fully informed before exercising their rights. To this end, the Company has held the annual general shareholders meeting within

four months from the end of the accounting period. The meetings are held in compliance with the laws and regulations of the Stock Exchange of Thailand from announcement of the meeting and organization of the meeting to after the meeting.

Shareholders with total shares no less than one fifth (1/5) of shares outstanding or shareholders no less than 25 persons whose total shares is no less than one tenth (1/10) of shares outstanding, may petition the Board of Directors to hold an extraordinary meeting of the Company's shareholders as stated in the company rules and regulations. The petition must clearly state the reason for convening the extraordinary meeting. The Board of Directors must convene the extraordinary shareholders' meeting within one month from the day the petition is received.

Details of the proceedings of shareholders' meetings are as follows:

### Prior to Meetings

The Company has sent letters of notification no less than 10 days in advance and at least 14 days in advance in the case approval is needed for connected transactions. The notification of the meeting is published in at least one daily Thai language newspaper and at least one daily English language newspaper for three consecutive days prior to the meeting date. From the annual general shareholders' meeting in 2007 onwards, the Company has announced the shareholders' meeting and accompanying documents both in Thai and English on the Company's website (<http://www.bangkokhospital.com>) under the menu item "Investor Relations" as an additional mode of dispensing information to ensure shareholder equality. Prior to each shareholders' meeting, the shareholders have been notified of the details of the meeting, such as time and place for the meeting, meeting agenda, the Company's annual report, proxy form and a list of accompanying documents of the meeting. Additionally, the Company has delivered details on the meeting proceedings and appointment of proxy, including suggesting that the shareholder appoint an

independent director to act as proxy. The Company has provided the opinion of the Board of Directors regarding each agenda, as well as provided detailed meeting documents in both Thai and English for consideration by the shareholders prior to the meeting. This is to assist the shareholders in making informed decisions when exercising their rights and voting. For the convenience of the shareholders, the Company has prepared separate ballots for each agenda, especially for the selection of Directors, whereby the Company has prepared ballots for the voting of individual directors.

#### **During Meetings**

The Company has assigned the Chairman of the meeting the duty of notifying and explaining the voting procedures in the various agendas before the meeting is officially convened. The President is assigned the task of responding to questions from the shareholders. After each agenda, the results of the vote will be announced and duly recorded.

For the convenience of the shareholders and for clarity, the Company uses multimedia facilities in presenting information during the meeting. The Company has the policy to strictly adhere to the meeting agenda and to allow shareholders equal opportunity in casting votes.

To honor the rights of all shareholders, the Company has put in place a policy, which requires that all directors, as well as sub-committees, the auditor and executive management such as Chief Financial Officer, Accounting Director and Financial Director which responsible for investor relation attend each shareholder's meeting. If any director or executive cannot attend the shareholders' meeting, he/she must submit a written explanation of the absence to the Chairman of the Board (in the case of directors) or the President (in the case of executive management).

The Chairman of the meeting has provided sufficient opportunity for shareholders to raise questions and

advise on business operations, and the annual financial reports without infringing shareholders' rights. The Chairman of the Board and the President will clarify all information during the meeting and give all directors the opportunity to unofficially meet the shareholders after each meeting.

#### **After Meetings**

The Company has prepared and delivered the minutes of the shareholders' meeting to the Stock Exchange of Thailand within the prescribed 14 days after the meeting. The Company has the policy to announce the minutes of the shareholders' meeting on the company website (<http://www.bangkokhospital.com>) under the menu item "Investor Relations" since the annual general shareholders' meeting in 2008.

### **3. Equality and Rights of Stakeholders Policy**

The Company recognizes the significance of each group of stakeholders, whether they are internal personnel or external stakeholders such as shareholders, customers, creditors, counter-parties, communities, government agencies and other related organizations. The Company also recognizes that the support of each of the stakeholders will ensure the stability and longevity of the organization in the long term.

Therefore, the Company has the policy to protect the rights of the stakeholders through compliance with relevant laws and regulations, as well as respecting the interests of all related parties. The policies are as follows:

#### **3.1 Policy on Transactions which may cause Conflict of Interest and Transactions between Companies**

The Board of Directors understands that transactions which may lead to conflicts of interest and/or transactions with related counter-parties must be thoroughly contemplated to ensure compliance with the relevant laws and regulations of the Securities and Stock Exchange Commission and the Capital Market Committee, as well as the Company's internal guidelines. Moreover, such transactions must be strictly

carried out as with any other transactions with external parties which have no relationship with the Company. Also, the transactions must fully provide value to the Company and the shareholders. The terms and conditions of the transactions must follow the generally accepted standard terms and conditions of business transactions.

The Company has the policy to prevent Directors, management and employees from using their status for their own personal gain. Directors, management and employees must refrain from engaging in transactions which have conflict of interest with the Company. Furthermore, any Directors, management or employees who have a stake in any transactions will not be part of the decision making process. Directors, especially, will not be allowed to consider or vote on any matters in which they have an interest, including transactions between companies and transactions between subsidiaries and stakeholders.

### **3.2 Policy on Insider Information**

The Board of Directors prohibits the Directors, management and employees from taking advantage of opportunities or information that they receive through their positions for personal gain. Nor are they permitted to establish a business that conflicts or is related to the Company's business. This includes strictly prohibiting the use of insider information to buy or sell shares and securities of the Company for personal gain.

Directors and management must report the trading of the Company's securities and update their current share holding, as well as holdings of spouse and dependents, each time there is a change, to the Company Secretary every month. The Company Secretary will present the report on the changes in securities holdings at the Board of Directors' meeting.

### **3.3 Policy on Shareholders**

The Company aims to achieve the utmost benefits in the long term for the shareholders through stable

growth and sustainable capability in generating profits, including maintaining the competitive edge by recognizing the current and future business risks. The Company emphasizes business for consistent profits through continuous business development.

The Company strives on professional management, efficient internal control, systematic audit and strong risk management. Information is transparent and justly disclosed in a timely fashion under business limitations. The Company also strives to protect the assets and reputation of the organization.

### **3.4 Policy on Employees**

Employees are a valuable asset to the Company. Capable and experienced employees are consistently well-taken care of in compliance with the Company's strategy and operational plans. Furthermore, the Company has arranged for the necessary training by both internal and external persons in order to continuously enhance the skills of employees. The Company supports the healthy working environment and culture, and treats employees equally and justly. Employees are provided with benefits and safety which include medical benefits, provident fund, and academic scholarships for doctors, nurses and employees so that they may use the knowledge to assist in the development of the organization. The aim is for the Company to be a place of learning for personnel, as well as to motivate knowledgeable and capable persons to remain with the organization in the long-term.

### **3.5 Policy on Management**

The Company realizes that management is an important success factor. To this end, the Company has set up a suitable compensation program which is comparable to management in the health care business. Moreover, management is able to carry out their duties and responsibilities independently without intervention, which is for the mutual interest of the organization and all related persons.

### 3.6 Policy on Counter-Parties

The Company does business justly and ethically with partners, competitors, creditors, counter-parties and others according to the terms and conditions in the trade agreement. The Company has the policy to avoid any actions which may be dishonest or infringe on the rights according to the law or as mutually agreed upon of the counter-party, as well as to ensure that the transactions are ethical business-wise.

### 3.7 Policy on Customers

The Company recognizes that the customers are an important success factor of the business. The Company strives for customer satisfaction by providing quality professional services with the determination to continuously improve the quality of medical care services in order to meet the needs and expectations of the customers. This organization maintains the privacy of customers and will not disclose any customer's information unless required by law or when the customer has given consent.

### 3.8 Policy on Social Responsibility

The Company aims to consistently treat society and the environment with the highest standards by upholding safety and environment-friendly standards throughout the business. The Company is involved in public interest and has participated in activities that benefit the community and the environment. It is the Company's policy to act responsibly towards society, related persons and personnel within the organization.

The Company recognizes the impact of the medical care process on the environment, as well as the safety of the customers and the health of all levels of personnel providing service. To this end, the Company has adopted ISO 14001 for Environmental Management and Mor Or Gor. 18001/ OHSAS18001 for Occupational Hygiene and Safety Management within the organization and received certification from Management System Certification Institute (MCSI). Furthermore, the Company has announced and conveyed the "Environmental, Occupational Health, and

Safety Policy" within the hospital to all personnel and related persons since 2003. The policy has been practiced earnestly and consistently.

Moreover, the Company has participated in many charitable activities and has supported the employees' concerns regarding the environment and the community. In 2007, the Company established the "Corporate Social Responsibility Committee" to oversee, coordinate and communicate between the organization and the community.

## 4. Disclosure and Transparency

The Company has the policy to ensure that disclosure of financial information and general information to shareholders, investors and securities analysts, as well as the general public, is done so sufficiently, completely, justly, timely, with transparency, and as prescribed by relevant laws and regulations.

The Company has the policy to disclose the financial statements, important information and any other information which may affect the interests of the shareholders or the decision to invest in the Company, which in turn, may affect the price of the shares and/or securities of the Company. This information will be disclosed sufficiently, completely and at the appropriate time through fair and suitable channels. The main purpose is to ensure that the decision to invest in securities of the Company is made fairly and with sufficient information.

The Board of Directors has prepared the report of responsibilities to the financial statements along with the report from the auditors and has included the reports in the annual report and Form 56-1 so that management may recognize the commitment and responsibility to information and financial reports, which must be accurate before being made available to the investors.

In communicating externally, executive management who have been assigned the task of disclosing infor-

mation about the Company are the President, the Chief Financial Officer and Finance Director which responsible for investor relations. In 2009, the Company disclosed information through meetings as well as providing information to investors and analysts at the following opportunities:

1. Road shows: twice domestically, and twice abroad (4 times in total)
2. Analyst Meetings: 4 times
3. Company Visits and Conference Calls: 77 times
4. Site Visits: 2 times

Apart from the aforementioned instances, the Company provides information on the company, operating results, financial statements, and news to the Stock Exchange of Thailand (SET). Interested persons may look up this information on the SET website [www.set.or.th](http://www.set.or.th) and the Company's website [www.bangkokhospital.com](http://www.bangkokhospital.com). For further information, investors and interested persons may contact the Investor Relations by telephone at 0-2755-1793, e-mail: [investor@bangkokhospital.com](mailto:investor@bangkokhospital.com) or the company website [www.bangkokhospital.com](http://www.bangkokhospital.com).

## 5. Responsibilities of the Board of Directors and the Sub-Committees

### 5.1 Board of Directors

The Board of Directors is comprised of 14 members, 7 of those being Executive Directors and 7 being Non-Executive Directors. Of the 7 Non-Executive Directors, 5 are Independent Directors.

#### **Executive Directors**

Executive Directors are Directors who are involved full-time in the management of the Company and receive a monthly salary or other equal compensation from the Company.

#### **Non-Executive Directors**

Non-Executive Directors are Directors who are not involved full-time in the management of the Company nor do they receive a monthly salary from the Company.

These Directors may be appointed or be representatives of major shareholders.

#### **Independent Directors**

Independent Directors are Directors who are not involved in management of the Company, subsidiaries, associates or related companies with independent management, major shareholders nor have authority to take over the business. Furthermore, the Independent Directors must not have a business or be involved with the interests of the Company, subsidiaries, associates or related companies, which may negatively affect the interests of the Company and/or shareholders.

Qualifications of Independent Directors, which the Company has set according to regulations of the SEC, are as follows:

- 1.) Holds less than 1 percent of the voting shares of the Company, its subsidiaries, associates or affiliates, including related persons under Securities Act 258.
- 2.) Takes no part in the management of the Company, as well as not being an employee, staff, or paid consultant of the Company or its subsidiaries, associates or affiliates, and is not a person who may have conflict of interest and must not have stake in any such manner for at least one year.
- 3.) Has no direct or indirect business relationship (counter-party to business agreement, supplier, and creditor/debtor) in the finance or management of the Company or any of its subsidiaries, associated or related companies, and is not a person who may have a conflict of interest.
- 4.) Is not a close relative of the management or major shareholder of the Company or any of its subsidiaries, associated or related companies, nor a close relative of persons who may have other conflicts of interest with the Company or any of its subsidiaries, associated or related companies.
- 5.) Has not been appointed as a representative of major shareholders or persons with control, nor be a representative to protect the interests of Directors or major shareholders or persons with control.

## 5.2 Duties of Directors

Each director has the duty and responsibility in determining and monitoring the operational policies of the Company, which include the following:

- 1) Directors should have sufficient access to financial information and other business information so that he/she may carryout duties efficiently.
- 2) Directors should attend every Board meeting as well as sub-committee meetings, and raise important questions to protect and maintain the rights and interests of the shareholders and stakeholders to ensure proper business conduct and operations.
- 3) Directors should be capable and have the intention to learn about the Company's business, as well as share opinions independently, devote time to the Company as needed and show interest in the important issues.
- 4) Independent directors should submit a letter to the Company to confirm that he/she is truly independent, according to the Company's definition, on the day that he/she has accepted the appointment to the position and each year after such appointment.

## 5.3 Sub-Committees

### **Audit Committee**

The Audit Committee is granted full authority by the Board of Directors to carry out its duties, which include systematic monitoring of business practices, ensuring efficient and strict internal control measures, ensuring compliance with laws on disclosure and determining risk management dealing with the business and finances of the Company. At least one of the Audit Committee members must be knowledgeable and have direct experience in accounting and finance.

In planning internal audits, the Audit Committee will have the internal audit officers plan the audit of the Company for the entire year. The Company has hired an external company, which is licensed and qualified in auditing companies listed on the stock

exchange as defined by the SEC, to carry out the internal audit. We believe that internal audit by external auditors will result in just and efficient reporting of the facts as they have independence and flexibility. The Audit Committee will report the activities of the internal auditors at the Board of Directors' meeting immediately after each meeting.

At Audit Committee meetings that deal with the financial statements and disclosure of financial reports of the Company, the Chief Financial Officer and the Accounting Director of the Company will both be in attendance. Prior to meetings on the financial statements with management, the Audit Committee shall meet with the accounting auditors separately, without management, to enquire about the important risks that may occur from the financial statements or the financial status or limitations, which the auditor has found in the process of auditing the financial statements of the Company and subsidiaries. This is to ensure that auditors are able to act independently without impediments in auditing the Company.

### **Nomination and Remuneration Committee**

In order to comply with good corporate governance of listed companies, the Board of Directors' meeting 4/2008 held on 30<sup>th</sup> April 2008 passed a resolution to appoint the Nomination and Remuneration Committee. The Committee is comprised of three independent directors and has the duty to seek qualified candidates for nomination as directors of the Company. Furthermore, the Committee shall determine the guidelines in evaluating the directors' performance annually in order to determine appropriate remuneration.

## 5.4 Board of Directors Meetings

The Company has set the dates for the Board of Directors' meetings in advance for the entire year so that the Directors are all informed of the meetings in advance and can arrange their schedules to accommodate the meetings. The meetings are to be held on the last Wednesday of each month. The agenda of each meeting will also be set in advance

Name	Position	Attendance at Meetings
1. Prof. Arun Pausawasdi, M.D.	Chairman/Independent Director	13/13
2. Mr. Prasert Prasarthong-osoth, M.D.	President	13/13
3. Prof. Sanoe Indrasuksri, M.D.	Independent Director	13/13
4. Mr. Pongsak Viddyakorn, M.D.	Director	11/13
5. Mr. Wallop Adhikomprapa	Director	12/13
6. Mr. Chirotchana Sucharto, M.D.	Director	12/13
7. Mr. Chuladej Yossundharakul, M.D.	Director	13/13
8. Prof. Santasiri Sornmani, M.D.	Independent Director	13/13
9. Mr. Thavatvong Thanasumitra	Director	11/13
10. Mr. Kitipan Visudharom, M.D.	Director	11/13
11. Mr. Chatree Duangnet, M.D.	Director	12/13
12. Dr. Somchai Sujapongse	Independent Director	8/13
13. Mr. Sripop Sarasas	Independent Director	13/13
14. Mr. Pradit Theekakul	Director	13/13

and will include continuing agendas to follow up on any assignments from prior meetings. The Company Secretary shall send meeting invitations and the agenda at least 7 business days in advance of each meeting in order to allow directors sufficient time to review the information prior to attending the meeting. In 2009, the Board of Directors met 13 times, which includes 12 general meetings and 1 extraordinary meeting.

##### 5.5 Determining Remuneration for Directors and Executives

Presently, the Company has appointed the Nomination and Remuneration Committee the task of justly determining the remuneration of directors to correspond to the directors' duties and responsibilities by comparing to those of companies of similar size in the same industry.

As for remuneration of executives, the Company will award remuneration by performance evaluation

as stated in the guidelines defined by the Board of Directors and the Human Resources Department for each level of management. The performance is linked to the operational results of the Company and individual accomplishments.

##### 5.6 Directors' Knowledge Enhancement

The Company has the policy to encourage directors of the Company and subsidiaries to attend the Director Certificate Program (DCP) and the Director Accreditation Program (DAP) organized by the Thai Institute of Directors (IOD). The programs will provide the directors with knowledge and understanding of efficient corporate governance and will enable them to use the knowledge for continuous good corporate governance. Thirteen of the directors have attended and passed the Director Certificate Program and Director Accreditation Program. The Company also encourages directors to attend training courses on amendments and updates of the regulations, policies and guidelines of the Stock Exchange and the SEC.

# Transaction with Associated Companies

## Nature of Transactions

Transactions between Bangkok Dusit Medical Services Public Company Limited and subsidiaries or related persons have been disclosed in the notes to the financial statements, Note 9 on Transactions with Associated Companies and can be categorized as follows:

### Normal Business Transactions and Transactions Supporting Normal Business

The Company has the policy to carry out normal business transactions with associated companies such as medical charges from transfer of patients between network hospitals and lab charges between network hospitals, etc. The Company also carries out transactions which support normal business such as purchasing of medicine and medical supplies, procurement, and management fees from shared services, etc. The transactions are necessary and reasonable normal business transactions in the medical care industry and ensure the highest benefits for the Company and subsidiaries. Furthermore, the transactions are carried out under trade conditions and are no different from transactions with customers and external persons.

### Financial Assistance

The Company has the policy to provide financial assistance to subsidiaries in which the Company holds more than 50 percent of the shares outstanding. The financial assistance is provided under the condition that the subsidiary has no related person that holds more than 10 percent of the remaining shares. As of 31<sup>st</sup> December 2009, the Company provided financial assistance in the following forms:

- 1. Loans to subsidiaries** The Company will take out a loan in the money market or from a financial institution and then loan that money to the subsidiary at a rate of no more than 1% per annum above the

actual cost of capital, which is less than the rate the subsidiary would be charged if taking out a loan directly.

**Benefit derived** The subsidiary can take out a loan at a rate lower than borrowing directly from a financial institution as the Company is capable of seeking loans at a lower rate.

### 2. Guarantee loans by foreign subsidiary

**Benefit derived** To enable the foreign subsidiary to seek a loan directly from a financial institution in that particular country at a prime rate.

### 3. Centralize Liquidity Management (Cash Pooling)

At the end of the business day; the liquidity management program will transfer money from the subsidiary's bank account to the Company's bank account. The money transferred into the Company's bank account will be stated as short-term loan from a subsidiary with interest charged at the market rate. At the same time, if any subsidiary requires capital, the Company will transfer the excess liquidity to the subsidiary with interest charged at the market rate.

**Benefit derived:** For liquidity management within the Group, companies with excess liquidity will receive interest at a rate higher than the savings rate of financial institutions, while companies needing capital can borrow at a rate no higher than the market rate.

Related Company	Relationship	Loans to Subsidiaries					Guarantee Obligation	Cash Pooling
		Long-term Loan	Short-term Loan	Advance	Interest Receivable	Total Loan		
Bangkok Hospital Pattaya Co., Ltd.	Company holds 97.21%	353,288,137	-	-	101,631	353,389,768	N/A	40,872,411
Bangkok Hospital Rayong Co., Ltd.	Company holds 100%	152,510,967	-	-	43,873	152,554,840	N/A	51,722,344
Bangkok Hospital Hatyai Co., Ltd.	Company holds 98.75%	139,667,885	-	-	40,178	139,708,064	N/A	90,676,757
Vatthanavej Co., Ltd.	Company holds 99.67%	-	-	-	-	-	N/A	79,450,925
National Healthcare Systems Co., Ltd.	Company holds 74.02%	-	-	-	-	-	N/A	55,765,657
Bangkok Hospital Samui Co., Ltd.	Company holds 100%	103,397,747	-	-	29,745	103,427,491	N/A	14,484,378
Samitivej PLC	Company holds 95.76%	725,400,824	-	-	208,677	725,609,501	N/A	220,358,469
Irving Sheridan Se Co., Ltd.	Samitivej Plc holds 95%	89,138,950	-	-	25,643	89,164,592	N/A	-
Bangkok Hospital Trad Co., Ltd.	Company holds 99.76%	20,706,000	2,107,846	-	7,412	22,821,258	N/A	-
BNH Medical Center Co., Ltd.	Company holds 91.42%	86,500,938	-	-	24,884	86,525,822	N/A	50,057,387
Bangkok Hospital Ratchasima Co., Ltd.	Company holds 89.61%	430,000,000	-	-	1,920,169	431,920,169	N/A	7,894,585
Bangkok Hospital Phuket Co., Ltd.	Company holds 99.63%	319,722,630	39,592,554	-	260,457	359,575,641	N/A	-
Bangkok Hospital Phrapradaeng Co., Ltd.	Company holds 79%	-	25,000,000	-	21,575	25,021,575	N/A	11,603,095
Ankor Pisith Co., Ltd.	Company holds 80%	14,949,315 USD 450,000	26,576,560 USD 800,000	-	2,600,590	44,126,464(1)	BDMS USD 5,000,000	-
Phnom Penh Medical Services Co., Ltd.	Company holds 100%	298,321,886 USD 8,980,000	-	-	4,266,487	302,588,373(2)	N/A	-
Royal Rattanak Medical Services Co., Ltd.	Company holds 70%	53,153,120 USD 1,600,000	23,254,490 USD 700,000	-	1,847,998	78,255,608(3)	N/A	-
Bangkok Hospital Hua Hin Co., Ltd.	Company holds 100%	-	16,110,640	-	359,173	16,469,813	N/A	-
Greenline Synergy Co., Ltd.	Company holds 100%	-	76,849,840	-	177,925	77,027,765	N/A	-
<b>Total</b>		<b>2,786,758,399</b>	<b>209,941,930</b>	-	<b>11,936,416</b>	<b>3,008,186,746</b>		<b>622,886,008</b>



**Related persons who are directors and executive management are as follows:**

1. Mr. Pongsak Viddyakorn, M.D.
2. Mr. Wallop Adhikomprapa
3. Mr. Chirotchana Sucharto, M.D.
4. Mr. Chuladej Yossundharakul, M.D.
5. Mr. Chatree Duangnet, M.D.
6. Mr. John Lee Khoe Shun
7. Mrs. Narumol Noi-am
8. Mr. Raymond Chong Chin Wah

Persons with mutual interest holding shares in subsidiaries and associate companies over 5% of shares with voting rights:

- None -

**Procedure for Engaging in Transactions with Associated Companies**

**Normal Business Transactions and Transactions Supporting Normal Business**

The Company has set standards and procedures in approving such transactions. Management shall consider and approve small and normal business

transactions and transactions which the Company carries out with external persons. The Board of Directors shall consider and approve medium to large, normal business transactions, as well as small and medium transactions that are not considered normal business transactions. For large transactions that are not considered normal business transactions, the shareholders' meeting shall decide whether or not to engage in said transactions.

The criteria in assessing the size of the transactions are as follows:

- Small Transactions : transactions with value equal to or less than Baht 1 million, or equal to or less than 0.03 percent of net tangible assets, whichever is greater
- Medium Transactions : transactions with value greater than Baht 1 million but less than Baht 20 million, or greater than 0.03 percent but less than 3 percent of net tangible assets, whichever is greater
- Large Transactions : transactions with value equal to or greater than Baht 20 million, or greater than 3 percent of net tangible assets, whichever is greater

The Securities and Exchange Act (No. 4) B.E. 2008 Amendment which came into effect on 31<sup>st</sup> August 2008 and the Office of the SEC circulation dated 16<sup>th</sup> July 2008 states that for flexibility in management, companies may propose transactions with associated companies, which are considered normal business transactions or transactions that support general business to the Board of Directors for approval in principal.

Therefore, the Board of Directors meeting 8/2008 on 27<sup>th</sup> August 2008 granted approval in principal to management to consider transactions with associated companies, which are considered normal business

transactions or transactions that support general business that are priced or charged at the market rate and with business conditions similar to those with external persons.

#### **Financial Assistance**

The Company has the policy to provide financial assistance only to subsidiaries in which the Company holds more than 50 percent of shares. The financial assistance is provided under the condition that the subsidiary has no related person that holds more than 10 percent of the remaining shares. The Board of Directors meeting 2/2008 on 26<sup>th</sup> February 2008 and 5/2008 on 28<sup>th</sup> May 2008 granted approval to the Company to provide financial assistance to subsidiaries under the aforementioned conditions.

For other transactions or transactions with associated companies as defined in the Securities and Exchange Act, the Company shall act in accordance with the rules and regulations of the Securities and Exchange Act as well as with other related notifications. Furthermore, for investor protection, the Company has assigned the Audit Committee the task of ensuring that transactions with associated companies are fair. In the case that the Audit Committee does not have expertise in considering the transactions with associated companies, the Company has the policy to appoint independent persons with professional expertise to provide opinion on such transactions to the Audit Committee and/or the Board of Directors and/or the shareholders' meeting, as the case may be. The Company has disclosed the transactions with associated companies in the notes to the audited financial statements.

## Future Related Transactions

<b>Transaction</b>	<b>Outlook and Policy</b>
Normal business transactions such as medical care, patient transfer, and lab analysis, etc.	The Company has the policy to allow the Company and subsidiaries to charge each other fees at the market rate. The medical service fees and conditions of payment, as well as other business conditions, shall be equal or have similar conditions or are indifferent from those the Company and subsidiaries charge other customers, whether individuals or counter-parties, under the same circumstances.
Transactions supporting general business such as creditors, and debtors, etc.	In the case that the Company and subsidiaries engage in sale of goods and services, raw materials and medical supplies, procurement, hiring, construction contract between the companies, or between the Company or subsidiary and a related person and such transaction supports normal business, such transaction must have competitive price or fee or must have a reference rate available. The conditions of payment and other terms and conditions must not differ from those of transactions that the Company and subsidiaries engages in with other counter-parties, under the same circumstances.
Financial assistance	The Company has the goal and policy to provide financial assistance to subsidiaries within the Group by centralizing money management for suitable cost of capital and efficiency for the benefit of the organization as a whole. In determining the loan amount, the Company shall give greater importance to the ability to repay the loan than the percentage of shareholding. The rate must not be less than the cost of capital of the Company. Such transactions must comply with the Securities and Exchange Act and/or rules and regulations of the Stock Exchange of Thailand and/or the notifications of the Capital Market Committee.

# Management discussion and analysis

For the year ended December 31, 2009

(Unit: Million Baht)

## Summary of consolidated operating results

	2009	2008	%yoY
Revenues from hospital operations	21,597	21,188	2%
Revenue from sales of goods, food & beverages	155	160	(3)%
Other income	193	191	1%
<b>Total Operating Income</b>	<b>21,945</b>	<b>21,539</b>	<b>2%</b>
Cost of hospital operations and others	(12,454)	(12,048)	3%
Administrative & management benefit expenses	(4,472)	(4,561)	(2)%
<b>Total Operating Expenses</b>	<b>(16,926)</b>	<b>(16,609)</b>	<b>2%</b>
<b>EBITDA</b>	<b>5,019</b>	<b>4,929</b>	<b>2%</b>
Depreciation & amortization	(2,277)	(2,170)	5%
<b>Operating Profit</b>	<b>2,743</b>	<b>2,759</b>	<b>(1)%</b>
Interest income	34	41	(18)%
Income from associated companies	202	180	12%
<b>EBIT</b>	<b>2,978</b>	<b>2,980</b>	<b>(0)%</b>
Finance expenses	(641)	(647)	(1)%
Taxes	(547)	(689)	(21)%
Minority interest	(60)	(55)	9%
<b>Normalized Profit</b>	<b>1,730</b>	<b>1,590</b>	<b>9%</b>
Non-Recurring items	(5)	71	(108)%
<b>Net profit</b>	<b>1,725</b>	<b>1,662</b>	<b>4%</b>

(Unit: Million Baht)

## Profitability Analysis

	2009	2008	%yoy
Gross Prot	9,143	9,140	0%
Gross Prot Margin	42.3%	43.1%	
EBITDA (Excluding non-recurring items)	5,019	4,929	2%
EBITDA margin (Excluding non-recurring items)	22.9%	22.9%	
EBITDA	5,014	5,001	0%
EBITDA margin	22.9%	23.1%	
Net prot margin	7.8%	7.6%	

In 2009, the Company recorded a consolidated net profit of Baht 1,725 million; an increase of Baht 63 million (4% yoy) from 2008. The summarized performance is as follows:-

- Total operating income in 2009 was Baht 21,945 million, an increase of Baht 406 million or 2% from 2008. Outpatient revenue continued to increase 3% yoy while inpatient revenues decreased 1% yoy. During the economic slowdown in the first half of the year, the number of international patients declined while some patients tend to postpone inpatient treatment and surgical procedures.

As for breakdown by nationality of patients, revenue from Thai patients increased 2% yoy while revenue from international patients increased 1% yoy resulting in the revenue proportion between Thai and international patients to be approximately 64:36 in 2009.

- The Company and its subsidiaries reported cost of hospital operations of Baht 12,454 million in 2009, an increase by 3% yoy due mainly to the rise in personnel expenses as part of the cost of living adjustments since May 2008 together with increasing cost of drugs and other hospital operation cost. As a result, the

increase in cost of hospital operations is at the higher pace than the growth in revenue from hospital operations resulting in decrease in the gross margin from 43.1% in 2008 to 42.3% in 2009.

- The administrative and management benefit expenses were 4,472 million in 2009, a decrease by 2% yoy due mainly to the implementation of several cost control measures. As a result, EBITDA (excluding non-recurring items) increased from 4,929 million in 2008 to Baht 5,019 million in 2009, an increase by 2% yoy. While the EBITDA margin(excluding non-recurring items) remains the same at 22.9% in 2008 and 2009.
- The depreciation and amortization expenses were Baht 2,277 million in 2009, up 5% yoy due mainly to renovation of hospital buildings and purchase of new medical equipments.
- Other items: - Finance expenses decreased slightly to Baht 641 million or decreased by 1% yoy as a result of the redemption and repurchase of convertible bonds and debentures totaling Baht 1,311 million

together with payment of short-term and long-term loans from financial institutions.

- Taxes in 2009 were Baht 547 million, a decrease from Baht 689 million in 2008. The lower tax expenses was due mainly to a decrease in pre-tax income and tax saving scheme that allows taxable net income for the first Baht 300 million to be taxed at the rate of 25%. During 2009, there was also a tax calculation adjustment for the year 2008 totaling Baht 39 million together with taxable expenses in relation to the redemption and repurchase of convertible bonds.

As a result, if excluding non-recurring items, net profit was Baht 1,730 million, an increase by 9% yoy.

The Company and its subsidiaries also recorded non-recurring items in 2009 totaling Baht 5 million from redemption of convertible debentures. In 2008, non-recurring items of Baht 71 million consisted of gain from BNH Hospital, a subsidiary, early loan repayment of Baht 42 million and gain on repurchase of convertible debentures of Baht 29 million.

If including the non-recurring items, the Company and its subsidiaries recorded a consolidated net profit of Baht 1,725 million; an increase of Baht 63 million, or 4% yoy. Net profit margin increased from 7.6% in 2008 to 7.8% in 2009 and the basic earnings per share increased from Baht 1.37 in 2008 to Baht 1.42 in 2009 or grew 4% yoy.

(Unit: Million Baht)

### Consolidated financial status

	Dec-09	Dec-08	Chg %
Total Assets	30,359	27,931	9%
Total Liabilities	15,612	14,943	4%
Total equity attributable to company's shareholders	14,151	12,413	14%
Total shareholders' equity	14,747	12,988	14%

The consolidated financial position of the Company and its subsidiaries as of December 31, 2009 : The Company and its subsidiaries had total assets of Baht 30,359 million, an increase of Baht 2,428 million or 9% from the year ended 2008 due mainly to an increase in cash and cash equivalents and short-term investments of Baht 1,740 million together with an increase in other long-term investments which consisted mainly of an investment in Bill of Exchange issued by a financial institution for Baht 500 million.

Total consolidated liabilities as of December 31, 2009 were Baht 15,612 million, an increase of Baht 669 million or 4% from the year ended 2008 due mainly to the debentures issuance of Baht 3,000 million netted with

the redemption and repurchase of convertible bonds and debentures together with repayment of short-term and long-term loans from financial institutions and a decrease in other current liabilities. However, total debt to equity decreased from 0.9x in 2008 to 0.8x in 2009 while net debt to equity also decreased from 0.8x in 2008 to 0.7x in 2009.

Total consolidated shareholders' equity (excluding equity attributable to minority shareholders of subsidiaries) were Baht 14,151 million, increased by Baht 1,738 million from the year ended 2008. This was due mainly to the net profit during 2009 together with an increase in fair value of land of our subsidiaries totaling Baht 774 million netted with the dividend payment of Baht 729 million.

(Unit: Million Baht)

## Liquidity

	2009	2008	Chg %
Net cash from operating activities	4,091	3,783	8%
Net cash (used in) investing activities	(3,347)	(2,810)	19%
Net cash (used in) financing activities	(104)	(690)	(85)%
<b>Net increase in cash and cash equivalents</b>	<b>640</b>	<b>283</b>	<b>126%</b>
Cash and cash equivalents at beginning of year	1,246	964	29%
<b>Cash and cash equivalents at end of year</b>	<b>1,886</b>	<b>1,246</b>	<b>51%</b>

Regarding cash flows statements for the year ended December 31, 2009, the Company and its subsidiaries' net cash flows from operating activities were Baht 4,091 million, increased by Baht 308 million in 2009. Net cash used in investing activities were Baht 3,347 million, increased by Baht 537 million as a result of an increase in short-term and long-term investments in 2009 offset with decrease in cash paid for purchase of investments in associates as the Company increased the percentage of shareholding in Ramkhamhaeng Hospital Public Co.,

Ltd during 2008. Net cash used in financing activities were Baht 104 million, decreased by Baht 586 million due mainly to the issuance of debentures netted with the redemption of convertible bonds and repayment of loans from financial institutions during 2009 while the Company refinanced all of its secured debt with unsecured long-term loans and unsecured debentures during 2008. Consequently, cash and cash equivalents increased to Baht 1,886 million as of December 31, 2009 from Baht 1,246 million as December 31, 2008



Bangkok Dusit Medical Services Public Company Limited and its subsidiaries  
Report and consolidated financial statements 31 December 2009 and 2008

# The Board of Directors' Report on its Responsibility to the Financial Statements

The Board of Directors is responsible for the Company's financial statements and has assigned the Audit Committee to review the past financial statements. The Audit Committee has stated that the financial statements are in accordance with generally accepted accounting standards, have applied the appropriate accounting policies and consistently adhere to careful discretion and best estimation in preparation. In addition, information was sufficiently disclosed in the notes accompanying the financial statements.

Moreover, the Board of Directors has provided and maintained the appropriate and efficient internal control system to reasonably ensure that the accounting data are accurate, complete and sufficient to maintain its assets and to prevent fraud and materially irregular operations.

The Board of Directors is of the opinion that the Company's internal control system is satisfactory and can bring about reasonable confidence that the consolidated financial statements and the company financial statements as of 31<sup>st</sup> December 2009 are reliable.



(Prasert Prasartthong-osoth, M.D)  
President

# Auditor's Compensation

Ernst & Young Office Company Limited has been the auditor of the Company and its subsidiaries since the annual audit in 2005 to the present. In 2009, the Company and its subsidiaries have compensated the auditor as follows:

## 1. Auditing Fee

The Company and subsidiaries paid a total of Baht 10,765,000 in auditing fee, details as follows:

	Review of quarterly financial statements (3 quarters)	Annual Auditing Fee	Total
Bangkok Dusit Medical Services PCL	870,000	1,030,000	1,900,000
Subsidiaries (25 companies in total)	6,043,800	2,821,200	8,865,000
<b>Total auditing fee</b>			<b>10,765,000</b>

## 2. Other fees

-None-

# Report of Independent Auditor

## To The Shareholders of Bangkok Dusit Medical Services Public Company Limited

I have audited the consolidated balance sheet of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries as at 31 December 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of Bangkok Dusit Medical Services Public Company Limited for the same period. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements as at 31 December 2009 and for the year ended of a domestic associated company, as included in the consolidated financial statements. In 2009, the Company's share of net income of this associated company amounted to approximately Baht 173.06 million, representing 9.70 percent of the consolidated income for the year. The financial statements of the associated company were audited by other auditor, whose report has been furnished to me. My opinion on the consolidated financial statements insofar as they relate to any amounts included for this associated company, is based solely upon the audit report of other auditor. The consolidated financial statements of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries and the separate financial statements of Bangkok Dusit Medical Services Public Company Limited for the year ended 31 December 2008, as presented herein for comparative purpose, were audited in accordance with generally accepted auditing standards by another auditor of our office who expressed an unqualified opinion on those financial statements under her report dated 25 February 2009.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, based on my audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries and of Bangkok Dusit Medical Services Public Company Limited as at 31 December 2009, the results of their operations and cash flows for the year then ended in accordance with generally accepted accounting principles.



**Narong Puntawong**

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited

Bangkok: 24 February 2010

# Balance sheets

As at 31 December 2009 and 2008

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

(Unit: Baht)

Assets	<u>Note</u>	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Current assets</b>					
Cash and cash equivalents	6	1,886,441,519	1,246,393,802	1,132,426,487	657,870,576
Short-term investments - fixed deposits and promissory notes	6	1,201,828,280	102,024,515	1,200,008,819	100,008,627
Trade accounts receivable	8				
Related parties	9	1,057,764	1,260,314	6,933,989	4,821,058
Unrelated parties - net		1,550,407,331	1,551,802,049	530,507,110	574,379,015
Total trade accounts receivable - net		1,551,465,095	1,553,062,363	537,441,099	579,200,073
Short-term loans to related parties	9	-	-	209,491,930	45,811,120
Other receivable - related parties	9	22,282,754	46,481,139	43,080,775	44,893,942
Inventories	10	255,239,428	225,262,429	62,412,093	55,318,841
Other current assets-net		165,901,617	199,129,584	59,687,343	77,218,445
<b>Total current assets</b>		5,083,158,693	3,372,353,832	3,244,548,546	1,560,321,624
<b>Non-current assets</b>					
Restricted bank deposits	6, 7	15,972,003	16,495,645	-	-
Investments in subsidiary companies	11	-	-	7,787,327,240	7,488,821,323
Investments in associated companies	12	1,932,153,307	1,789,561,928	1,564,949,322	1,564,949,322
Other long-term investments - net	13	1,639,479,166	970,349,897	1,639,189,246	970,059,977
Long-term loans to related parties	9	-	-	2,786,758,398	3,560,758,760
Interest receivable - a related party - net	9	-	-	-	33,609,727
Property, premises and equipment - net	14	19,130,027,923	19,279,947,069	5,046,929,773	5,642,176,136
Land not used in operation	15	472,414,200	472,414,200	472,414,200	472,414,200
Intangible assets - net	16	171,162,546	138,011,097	79,722,545	80,839,640
Other non-current assets - net					
Goodwill		1,296,206,907	1,238,932,364	-	-
Leasehold rights - net	9, 17	547,735,250	579,702,143	63,218,312	67,433,298
Other		70,399,504	73,579,332	11,920,868	11,781,913
<b>Total non-current assets</b>		25,275,550,806	24,558,993,675	19,452,429,904	19,892,844,296
<b>Total assets</b>		30,358,709,499	27,931,347,507	22,696,978,450	21,453,165,920

The accompanying notes are an integral part of the financial statements.

# Balance sheets (continued)

As at 31 December 2009 and 2008

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

(Unit: Baht)

Liabilities and shareholders' equity	<u>Note</u>	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	18	33,257,561	526,652,412	-	491,629,501
Trade accounts payable					
Related parties	9	57,896,410	35,157,809	88,794,752	65,491,637
Unrelated parties		982,306,503	957,200,870	285,716,409	292,047,566
Total trade accounts payable		1,040,202,913	992,358,679	374,511,161	357,539,203
Current portion of long-term loans from financial institutions	19	361,887,773	369,625,715	343,800,000	343,800,000
Current portion of liabilities under finance lease agreements	20	79,818,848	108,254,641	1,246,892	11,449,935
Short-term loans from related parties	9	-	-	622,886,008	396,579,769
Accounts payable - construction and retention		82,693,032	149,309,013	9,837,062	36,056,647
Other accounts payable					
Related parties	9	14,449,337	42,712,741	18,388,303	15,182,290
Unrelated parties		284,682,597	428,607,137	64,941,432	154,551,711
Total other accounts payable		299,131,934	471,319,878	83,329,735	169,734,001
Corporate income tax payable		236,346,148	282,692,316	24,349,374	71,937,155
Accrued expenses		1,066,853,906	966,506,043	431,028,223	386,781,599
Other current liabilities		294,613,754	317,954,851	95,695,305	127,489,068
<b>Total current liabilities</b>		3,494,805,869	4,184,673,548	1,986,683,760	2,392,996,878
<b>Non-current liabilities</b>					
Long - term loans from financial institutions - net					
of current portion	19	2,608,338,306	3,007,019,765	2,463,900,000	2,828,580,550
Liabilities under finance lease					
agreements - net of current portion	20	94,271,358	142,463,832	1,365,469	1,373,878
Convertible debentures - liability component	29	1,118,424,555	2,292,223,118	1,118,424,555	2,292,223,118
Debentures	30	7,959,772,841	4,993,847,500	7,959,772,841	4,993,847,500
Deferred income		184,350,029	222,625,315	184,350,029	222,625,315
Other non-current liabilities	9	151,624,226	100,521,261	73,433,342	6,963,159
<b>Total non-current liabilities</b>		12,116,781,315	10,758,700,791	11,801,246,236	10,345,613,520
<b>Total liabilities</b>		15,611,587,184	14,943,374,339	13,787,929,996	12,738,610,398

The accompanying notes are an integral part of the financial statements.

# Balance sheets (continued)

As at 31 December 2009 and 2008

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

(Unit: Baht)

Liabilities and shareholders' equity (continued)	<u>Note</u>	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Shareholders' equity</b>					
Share capital					
Registered					
1,312,264,222 ordinary shares of Baht 1 each	29	1,312,264,222	1,312,264,222	1,312,264,222	1,312,264,222
Issued and fully paid-up					
1,214,498,745 ordinary shares of Baht 1 each	29	1,214,498,745	1,214,498,745	1,214,498,745	1,214,498,745
Share premium					
Premium on ordinary shares	29	5,855,970,240	5,843,474,797	5,793,046,312	5,780,550,869
Difference from shareholding restructure		305,000,325	305,000,325	-	-
Unrealised gain (loss)					
Revaluation deficit on investments	13	(10,687,027)	(11,257,146)	(221,533)	(791,652)
Revaluation surplus on land	14, 15	1,980,926,848	1,206,975,665	728,481,200	728,481,200
Translation adjustment		(44,143,583)	(10,895,437)	-	-
Convertible debentures - equity component	29	10,920,897	23,416,340	10,920,897	23,416,340
Retained earnings					
Appropriated - statutory reserve	22	131,226,422	131,226,422	131,226,422	131,226,422
Unappropriated		4,706,957,515	3,710,468,507	1,031,096,411	837,173,598
Total equity attributable to parent's shareholders		14,150,670,382	12,412,908,218	8,909,048,454	8,714,555,522
Minority interest - Equity attributable to minority shareholders of subsidiaries		596,451,933	575,064,950	-	-
<b>Total shareholders' equity</b>		14,747,122,315	12,987,973,168	8,909,048,454	8,714,555,522
<b>Total liabilities and shareholders' equity</b>		30,358,709,499	27,931,347,507	22,696,978,450	21,453,165,920

The accompanying notes are an integral part of the financial statements.

# Income statements

For the years ended 31 December 2009 and 2008

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

(Unit: Baht)

	<u>Note</u>	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Revenues</b>					
Revenues from hospital operations	9	21,596,974,653	21,187,668,843	6,879,286,497	6,970,333,419
Other income					
Revenue from sales of goods and food	9	155,156,443	160,330,624	36,848,096	39,954,934
Interest income	9	33,529,347	41,058,670	198,150,084	194,251,781
Dividend income	11, 12	554,764	318,590	633,727,998	102,128,298
Others		187,787,501	262,172,689	295,650,168	324,452,446
Total other income		377,028,055	463,880,573	1,164,376,346	660,787,459
<b>Total revenues</b>		21,974,002,708	21,651,549,416	8,043,662,843	7,631,120,878
<b>Expenses</b>					
Cost of hospital operations and sales	9	12,454,004,110	12,048,162,509	3,872,044,274	3,884,345,309
Administrative expenses	9, 23	4,414,408,075	4,509,948,343	1,778,157,914	1,824,955,040
Depreciation and amortisation expenses	14, 16, 17, 23	2,276,666,565	2,169,880,348	743,223,938	716,338,486
Management benefit expenses		57,497,103	51,337,919	57,497,103	51,337,919
<b>Total expenses</b>		19,202,575,853	18,779,329,119	6,450,923,229	6,476,976,754
<b>Income before share of income from investments in associated companies, financial expenses and corporate income tax</b>					
		2,771,426,855	2,872,220,297	1,592,739,614	1,154,144,124
Share of income from investments in associated companies	12.1	201,692,230	179,852,400	-	-
<b>Income before financial expenses and corporate income tax</b>					
		2,973,119,085	3,052,072,697	1,592,739,614	1,154,144,124
Finance expenses		(641,337,330)	(646,844,082)	(617,759,291)	(573,536,691)
<b>Income before corporate income tax</b>					
Corporate income tax	31	(546,894,044)	(688,506,748)	(52,363,603)	(233,081,173)
<b>Net income for the year</b>		1,784,887,711	1,716,721,867	922,616,720	347,526,260
<b>Net income attributable to:</b>					
Equity holders of the parent		1,725,182,915	1,662,078,614	922,616,720	347,526,260
Minority interest of the subsidiaries		59,704,796	54,643,253		
		1,784,887,711	1,716,721,867		
<b>Earnings per share</b>	25				
Basic earnings per share		1.42	1.37	0.76	0.29
Net income					
Weighted average number of ordinary shares (shares)		1,214,498,745	1,214,340,916	1,214,498,745	1,214,340,916

The accompanying notes are an integral part of the financial statements.

# Statements of cash flows

For the years ended 31 December 2009 and 2008

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Cash flows from operating activities</b>				
Net income before corporate income tax	2,331,781,755	2,405,228,615	974,980,323	580,607,433
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation expenses	2,276,666,565	2,169,880,348	743,223,938	716,338,486
Write-off of assets	20,577,018	13,190,403	4,549,126	-
Bad debt and doubtful accounts	97,261,290	127,412,520	28,473,416	81,170,825
Reversal of allowance for doubtful accounts of interest receivable - a related party	-	-	(9,584,895)	-
Amortisation of deferred income	(38,275,286)	(37,978,521)	(38,275,286)	(37,978,521)
Share of income from investments in associated companies	(201,692,230)	(179,852,400)	-	-
Gain from early repayment of loan	-	(41,773,073)	-	-
Reversal of provision for impairment of investments	-	(66,240)	-	-
Reversal of provision for impairment of property, premises and equipment	-	(1,991,311)	-	-
Gain on repurchase of convertible debentures	(2,395,252)	(29,576,336)	(2,395,252)	(29,576,336)
Loss on redemption of convertible debentures	7,782,418	-	7,782,418	-
Amortisation of expense for convertible debentures and bonds issue	47,500,636	38,082,023	47,500,636	38,082,023
Loss (gain) on disposal of property, premises and equipment	(134,284)	26,910,499	18,679,707	10,456,281
Unrealised loss (gain) on foreign exchange rate	(550)	-	19,807,869	(2,230,340)
Interest income	(33,529,347)	(41,058,670)	(198,150,084)	(194,251,781)
Dividend income	(554,764)	(318,590)	(633,727,998)	(102,128,298)
Interest expense	641,337,330	646,844,082	617,759,291	573,536,691
Income from operating activities before changes in operating assets and liabilities	5,146,325,299	5,094,933,349	1,580,623,209	1,634,026,463
Decrease (increase) in operating assets				
Trade accounts receivable	(95,664,022)	(346,846,481)	13,285,558	(85,716,987)
Other accounts receivable - related parties	24,198,382	131,303,522	10,418,296	19,669,985
Inventories	(29,976,999)	(13,021,256)	(7,093,252)	4,299,017
Other current assets	29,677,935	(14,414,482)	20,545,491	2,673,162
Other non-current assets	(7,717,809)	(188,179,718)	1,545,325	(998,396)
Increase (decrease) in operating liabilities				
Trade accounts payable	47,844,234	137,561,585	16,971,958	33,290,586
Other accounts payable	(172,100,088)	157,744,326	(85,716,393)	85,859,558
Accrued expenses	113,292,717	124,010,494	55,120,020	(15,525,226)
Other current liabilities	130,588,680	(113,490,205)	45,413,288	6,512,472
Deferred income	-	8,000,000	-	8,000,000
Other non-current liabilities	51,887,062	6,578,655	66,470,183	2,039,119
Net cash from operating activities	5,238,355,391	4,984,179,789	1,717,583,683	1,694,129,753
Interest receipt from operation	21,146,924	42,141,097	220,099,943	234,719,987
Cash paid for interest expenses	(573,108,044)	(599,238,864)	(564,723,681)	(449,712,659)
Cash paid for corporate income tax	(595,249,137)	(643,983,242)	(99,690,631)	(264,309,262)
<b>Net cash from operating activities</b>	<b>4,091,145,134</b>	<b>3,783,098,780</b>	<b>1,273,269,314</b>	<b>1,214,827,819</b>

# Statements of cash flows (continued)

For the years ended 31 December 2009 and 2008

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Cash flows from investing activities</b>				
Increase in short-term investments	1,099,803,765	(45,350,596)	(1,100,000,192)	(100,000,309)
Decrease in restricted bank deposits	523,642	774,007	-	-
Dividend received	59,553,352	63,254,678	633,727,998	142,128,298
Interest receipt from investment	9,625,247	-	9,625,247	-
Cash paid for purchase of investments in subsidiaries, associates and another company	(277,865,055)	(842,936,617)	(467,065,067)	(1,086,901,172)
Cash paid for other long-term investments	(500,000,000)	-	(500,000,000)	-
Increase in short-term loans to related parties	-	-	(166,271,430)	(46,113,400)
Long-term loans to related parties	-	-	(436,073,096)	(4,674,025,539)
Cash received from long-term loans to related parties	-	-	1,192,855,658	1,117,000,350
Cash received from disposal of property, premises and equipment	16,713,090	22,115,672	25,576,935	5,433,763
Cash paid for purchase of property, premises and equipment	(1,495,934,300)	(1,976,189,074)	(290,238,829)	(573,203,191)
Increase in intangible assets	(59,414,422)	(32,158,412)	(3,085,250)	(11,420,796)
<b>Net cash used in investing activities</b>	<b>(3,346,602,211)</b>	<b>(2,810,490,342)</b>	<b>(1,100,948,026)</b>	<b>(5,227,101,996)</b>
<b>Cash flows from financing activities</b>				
Decrease in bank overdraft and short-term loans from financial institutions	(500,000,000)	(291,042,037)	(500,000,000)	(500,000,000)
Increase (decrease) in short-term loans from related parties	-	(13,627,481)	226,306,239	396,579,769
Cash received from long-term loans from financial institutions	189,934,200	3,498,461,041	189,934,200	189,934,200
Repayments of long-term loans from financial institutions	(588,449,060)	(6,835,369,459)	(554,614,200)	(554,614,200)
Repayments for liabilities under finance lease agreements	(132,240,598)	(114,903,728)	(12,841,665)	(12,841,665)
Cash received from debentures issue	2,992,989,930	4,991,975,000	2,992,989,930	2,992,989,930
Cash paid for repurchase of debentures	(30,000,000)	-	(30,000,000)	(30,000,000)
Cash paid for repurchase of convertible debentures	(78,737,791)	(1,312,015,408)	(78,737,791)	(78,737,791)
Cash paid for redemption of convertible debentures	(1,202,108,183)	-	(1,202,108,183)	(1,202,108,183)
Dividend paid	(728,693,907)	(607,065,406)	(728,693,907)	(728,693,907)
Dividend paid by subsidiaries to minority interest	(27,189,797)	(6,229,540)	-	-
<b>Net cash from (used in) financing activities</b>	<b>(104,495,206)</b>	<b>(689,817,018)</b>	<b>302,234,623</b>	<b>472,508,153</b>
Net increase in cash and cash equivalents	640,047,717	282,791,420	474,555,911	(3,539,766,024)
Cash and cash equivalents at beginning of year	1,246,393,802	963,602,382	657,870,576	-
<b>Cash and cash equivalents at end of year</b>	<b>1,886,441,519</b>	<b>1,246,393,802</b>	<b>1,132,426,487</b>	<b>(3,539,766,024)</b>
Supplemental cash flows information:-				
Non-cash items:				
Assets acquired under long-term finance lease agreements	59,907,857	77,288,669	1,553,815	1,553,815
Increase (decrease) in accounts payable - property, premises and equipment	(154,713,875)	139,352,348	(77,207,048)	(77,207,048)
Decrease in accounts payable - construction and retention	(66,615,981)	(61,479,452)	(26,219,585)	36,056,647
Write-off assets and liabilities due to termination of nance lease agreements	(20,092,005)	-	-	-

The accompanying notes are an integral part of the financial statements.

# Statements of changes in shareholders' equity

For the years ended 31 December 2009 and 2008

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

	<u>Note</u>	<b>Issued and paid-up share capital</b>	<b>Share premium</b>	<b>Unrealised gain (loss)</b>
		<b>Premium on ordinary shares</b>	<b>Difference from shareholding restructure</b>	<b>Deficit on investment</b>
<b>Balance as at 31 December 2007</b>		1,214,130,812	5,816,433,794	305,000,325
Income and expense recognised directly in equity				(6,491,571)
Revaluation surplus on land	14	-	-	-
Repurchase of convertible debentures	29	-	13,795,454	-
Conversion of convertible debentures	29	367,933	13,245,549	-
Adjustment of fair value of investment		-	-	(713,484)
Realised loss on change in valuation of investment in an associated companies		-	-	(4,052,091)
Translation adjustment		-	-	-
Transfer brought forward negative goodwill to retained earnings		-	-	-
Transfer brought forward negative goodwill to retained earnings of an associated companies		-	-	-
<b>Total income and expenses recognised directly in equity</b>		367,933	27,041,003	-
Net income for the year		-	-	-
<b>Total income and expenses for the period</b>		367,933	27,041,003	-
Dividend paid	21	-	-	-
Decrease in minority interest		-	-	-
<b>Balance as at 31 December 2008</b>		1,214,498,745	5,843,474,797	305,000,325
<b>Balance as at 31 December 2008</b>		1,214,498,745	5,843,474,797	305,000,325
Income and expense recognised directly in equity				(11,257,146)
Revaluation surplus on land	14	-	-	-
Repurchase of convertible debentures	29	-	807,460	-
Redemption of convertible debentures	29	-	11,687,983	-
Adjustment of fair value of investment		-	-	570,119
Translation adjustment		-	-	-
<b>Total income and expenses recognised directly in equity</b>		-	12,495,443	-
Net income for the year		-	-	-
<b>Total income and expenses for the period</b>		-	12,495,443	-
Dividend paid	21	-	-	-
Decrease in minority interest		-	-	-
<b>Balance as at 31 December 2009</b>		1,214,498,745	5,855,970,240	305,000,325
				(10,687,027)

The accompanying notes are an integral part of the financial statements.

(Unit: Baht)

## Consolidated financial statements

## Equity attributable to the parent's shareholders

	Translation adjustment	Convertible debentures-equity component	Retained earnings	Total equity attributable to the parent's shareholders	Minority interest - equity attributable to minority shareholders of subsidiaries	Total
<b>Revaluation surplus on land</b>			<b>Appropriated-statutory reserve</b>	<b>Unappropriated</b>		
1,156,654,872	(34,701,915)	37,353,100	131,226,422	2,494,223,429	11,113,829,268	596,162,375 11,709,991,643
50,320,793	-	-	-	-	50,320,793	- 50,320,793
-	-	(13,795,454)	-	-	-	-
-	-	(141,306)	-	-	13,472,176	- 13,472,176
-	-	-	-	-	(713,484)	- (713,484)
-	-	-	-	-	(4,052,091)	- (4,052,091)
-	23,806,478	-	-	-	23,806,478	- 23,806,478
-	-	-	-	152,426,376	152,426,376	- 152,426,376
-	-	-	-	8,805,494	8,805,494	- 8,805,494
50,320,793	23,806,478	(13,936,760)	-	161,231,870	244,065,742	- 244,065,742
-	-	-	-	1,662,078,614	1,662,078,614	54,643,253 1,716,721,867
50,320,793	23,806,478	(13,936,760)	-	1,823,310,484	1,906,144,356	54,643,253 1,960,787,609
-	-	-	-	(607,065,406)	(607,065,406)	- (607,065,406)
-	-	-	-	-	-	(75,740,678) (75,740,678)
1,206,975,665	(10,895,437)	23,416,340	131,226,422	3,710,468,507	12,412,908,218	575,064,950 12,987,973,168
1,206,975,665	(10,895,437)	23,416,340	131,226,422	3,710,468,507	12,412,908,218	575,064,950 12,987,973,168
773,951,183	-	-	-	-	773,951,183	41,921,317 815,872,500
-	-	(807,460)	-	-	-	-
-	-	(11,687,983)	-	-	-	-
-	-	-	-	-	570,119	- 570,119
-	(33,248,146)	-	-	-	(33,248,146)	- (33,248,146)
773,951,183	(33,248,146)	(12,495,443)	-	-	741,273,156	41,921,317 783,194,473
-	-	-	-	1,725,182,915	1,725,182,915	59,704,796 1,784,887,711
773,951,183	(33,248,146)	(12,495,443)	-	1,725,182,915	2,466,456,071	101,626,113 2,568,082,184
-	-	-	-	(728,693,907)	(728,693,907)	- (728,693,907)
-	-	-	-	-	-	(80,239,130) (80,239,130)
1,980,926,848	(44,143,583)	10,920,897	131,226,422	4,706,957,515	14,150,670,382	596,451,933 14,747,122,315

# Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2009 and 2008

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

	<u>Note</u>	Issued and paid-up share capital	Premium on ordinary shares
<b>Balance as at 31 December 2007</b>		1,214,130,812	5,753,509,866
Income and expense recognised directly in equity:			
Repurchase of convertible debentures	29	-	13,795,454
Conversion of convertible debentures	29	367,933	13,245,549
Adjustment of fair value of investment		-	-
<b>Total income and expenses recognised directly in equity</b>		367,933	27,041,003
Net income for the year		-	-
<b>Total income and expenses for the period</b>		367,933	27,041,003
Dividend paid	21	-	-
<b>Balance as at 31 December 2008</b>		1,214,498,745	5,780,550,869
<b>Balance as at 31 December 2008</b>		1,214,498,745	5,780,550,869
Income and expense recognised directly in equity:			
Repurchase of convertible debentures	29	-	807,460
Redemption of convertible debentures	29	-	11,687,983
Adjustment of fair value of investment		-	-
<b>Total income and expenses recognised directly in equity</b>		-	12,495,443
Net income for the year		-	-
<b>Total income and expenses for the period</b>		-	12,495,443
Dividend paid	21	-	-
<b>Balance as at 31 December 2009</b>		1,214,498,745	5,793,046,312

The accompanying notes are an integral part of the financial statements.

(Unit: Baht)

**Separate financial statements**

Unrealised gain (loss)		Convertible debentures-equity component	Retained earnings		Total
Revaluation (debit) on investment	Revaluation surplus on land		Appropriated-statutory reserve	Unappropriated	
(78,168)	728,481,200	37,353,100	131,226,422	1,096,712,744	8,961,335,976
-	-	(13,795,454)	-	-	-
-	-	(141,306)	-	-	13,472,176
(713,484)	-	-	-	-	(713,484)
(713,484)	-	(13,936,760)	-	-	12,758,692
-	-	-	-	347,526,260	347,526,260
(713,484)	-	(13,936,760)	-	347,526,260	360,284,952
-	-	-	-	(607,065,406)	(607,065,406)
(791,652)	728,481,200	23,416,340	131,226,422	837,173,598	8,714,555,522
(791,652)	728,481,200	23,416,340	131,226,422	837,173,598	8,714,555,522
-	-	(807,460)	-	-	-
-	-	(11,687,983)	-	-	-
570,119	-	-	-	-	570,119
570,119	-	(12,495,443)	-	-	570,119
-	-	-	-	922,616,720	922,616,720
570,119	-	(12,495,443)	-	922,616,720	923,186,839
-	-	-	-	(728,693,907)	(728,693,907)
(221,533)	728,481,200	10,920,897	131,226,422	1,031,096,411	8,909,048,454

# Notes to financial statements

For the years ended 31 December 2009 and 2008

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

## 1. General information

Bangkok Dusit Medical Services Public Company Limited ("the Company") was incorporated as a limited company under Thai laws and registered the change of the status of the Company to a public limited company on 3 January 1994. The Company operates in Thailand and its principal activity is hospital with the registered address at 2, Soi Soonvijai 7, New Petchburi Road, Bang Kapi, Huaykwang, Bangkok.

## 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

### 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements for the years ended 31 December 2009 and 2008 of Bangkok Dusit Medical Services Public Company Limited ("the Company") and its subsidiaries ("the subsidiaries") as follows:

Company's name	Nature of business	Registered capital		Percentage of shareholding by the Company (percent)	
		2009	2008	2009	2008
<b>Held by the Company</b>					
Samitivej Public Co., Ltd.	Hospital	Baht 1,000 million	Baht 1,000 million	95.76	94.32
Bangkok Hospital Hatyai Co., Ltd.	Hospital	Baht 500 million	Baht 500 million	98.75	98.69
Bangkok Phuket Hospital Co., Ltd.	Hospital	Baht 500 million	Baht 500 million	99.63	99.63
BNH Medical Center Co., Ltd.	Hospital	Baht 586 million	Baht 586 million	91.42	88.66
Bangkok Phrapradaeng Hospital Co., Ltd.	Hospital	Baht 105 million	Baht 105 million	79.00	79.00
Bangkok Pattaya Hospital Co., Ltd.	Hospital	Baht 280 million	Baht 280 million	97.21	97.09
Bangkok Rayong Hospital Co., Ltd.	Hospital	Baht 400 million	Baht 400 million	100.00	100.00
Bangkok Samui Hospital Co., Ltd.	Hospital	Baht 150 million	Baht 150 million	100.00	100.00
Bangkok Trat Hospital Co., Ltd.	Hospital	Baht 250 million	Baht 250 million	99.76	99.76
Wattanavej Co., Ltd.	Hospital	Baht 180 million	Baht 180 million	99.67	99.61
Bangkok Ratchasima Hospital Co., Ltd.	Hospital	Baht 300 million	Baht 300 million	89.16	87.86
National Healthcare Systems Co., Ltd.	Central lab	Baht 75 million	Baht 75 million	74.02	74.02
Bio Molecular Laboratories (Thailand) Co., Ltd.	Central lab	Baht 10 million	Baht 10 million	95.00	95.00
Angkor Pisith Co., Ltd.	Hospital	USD 10 million	USD 10 million	80.00	80.00
Phnom Penh Medical Services Co., Ltd.	Hospital	USD 10 million	USD 10 million	100.00	100.00
Royal Rattanak Medical Services Co., Ltd.	Hospital	Riel 26,000 million	Riel 26,000 million	70.00	70.00
B.D.M.S. International Medical Services Co., Ltd.	Hospital	Riel 9,200 million	Riel 9,200 million	100.00	100.00
Asia International Healthcare Co., Ltd.	Investment	Baht 35 million	Baht 35 million	100.00	100.00
Bangkok Hospital Hua Hin Co., Ltd. (formerly name "Global Medical Network Co., Ltd.")	Hospital	Baht 260 million	Baht 160 million	100.00	100.00

Company's name	Nature of business	Registered capital		Percentage of shareholding by the Company (percent)	
		2009	2008	2009	2008
<b>Held by the Company (continued)</b>					
New Petchburi Medical Services Co., Ltd.	Hospital	Baht 1 million	Baht 1 million	100.00	100.00
Bangkok Health Insurance Limited	Health insurance	Baht 105 million	Baht 105 million	99.94	99.94
Royal Bangkok Healthcare Co., Ltd.	Management service	Baht 1 million	Baht 1 million	100.00	100.00
Greenline Synergy Co., Ltd.	Technology and information service	Baht 30 million	Baht 30 million	100.00	100.00
Bangkok Hospital Kao Yai Co., Ltd. (formerly name "Chiang Mai Medical Hospital Co., Ltd.")	Hospital	Baht 70 million	-	100.00	-

Company's name	Nature of business	Registered capital		Percentage of shareholding by the Company (percent)	
		2009	2008	2009	2008
<b>Held by the subsidiaries</b>					
Samitivej Sriracha Co., Ltd. (held by a subsidiary at 68%)	Hospital	Baht 188 million	Baht 188 million	-	-
Irving Sheridan SE Co., Ltd. (held by a subsidiary at 95%)	Asset management for healthcare business	Baht 0.1 million	Baht 0.1 million	-	-
First Health Food Co., Ltd. (held by a subsidiary at 100%)	Restaurant and distribution of health food products and facility management	Baht 14 million	Baht 14 million	-	-
Sodexo Healthcare Support Services (Thailand) Co., Ltd. (held by a subsidiary at 74%)	Restaurant and distribution of healthfood products	Baht 15 million	Baht 15 million	-	-
Phuket Health And Travel Co., Ltd. (held by a subsidiary at 100%)	Healthcare travel service	Baht 5 million	Baht 5 million	-	-

All subsidiaries incorporated in Thailand except B.D.M.S. International Medical Services Co., Ltd., Angkor Pisith Co., Ltd., Phnom Penh Medical Services Co., Ltd. and Royal Rattanak Medical Services Co., Ltd. which were incorporated in Cambodia.

b) Percentage of total assets and revenues of the subsidiary companies as included in the consolidated financial statements

The percentage of total assets and revenues of the subsidiary companies for the years ended 31 December 2009 and 2008 as included in the consolidated financial statements are as follows:

	Subsidiary's total assets as a percentage to the consolidated total		Subsidiary's total revenues from hospital operations as a percentage to the consolidated total	
	2009	2008	2009	2008
<b>Subsidiaries</b>				
1. Samitivej Public Co., Ltd.	20.31	20.97	25.32	25.67
2. Bangkok Hospital Hatyai Co., Ltd.	3.58	4.01	3.52	3.25
3. Bangkok Phuket Hospital Co., Ltd.	5.01	5.13	7.14	7.33
4. BNH Medical Center Co., Ltd.	3.71	4.33	6.78	6.74
5. Bangkok Phrapradaeng Hospital Co., Ltd.	0.65	0.53	0.78	0.75
6. Bangkok Pattaya Hospital Co., Ltd.	7.72	9.15	10.20	10.41
7. Bangkok Rayong Hospital Co., Ltd.	3.07	3.45	4.77	4.40
8. Bangkok Samui Hospital Co., Ltd.	1.33	1.39	1.81	1.62
9. Bangkok Trat Hospital Co., Ltd.	1.21	1.32	1.15	1.04
10. Wattanavej Co., Ltd.	1.86	2.21	2.51	2.54
11. Bangkok Ratchasima Hospital Co., Ltd.	2.86	3.19	3.12	2.59
12. National Healthcare Systems Co., Ltd.	0.50	0.52	0.11	0.02
13. Bio Molecular Laboratories (Thailand) Co., Ltd.	0.21	0.14	0.16	0.12
14. Angkor Pisith Co., Ltd.	1.23	1.49	0.40	0.37
15. Phnom Penh Medical Services Co., Ltd.	2.30	1.42	-	-
16. Royal Rattanak Medical Services Co., Ltd.	0.70	0.83	0.51	0.35
17. B.D.M.S. International Medical Services Co., Ltd.	0.26	0.29	-	-
18. Asia International Healthcare Co., Ltd.	0.12	0.13	-	-
19. Bangkok Hospital Hua Hin Co., Ltd. (formerly name "Global Medical Network Co., Ltd.")	0.96	0.62	-	-
20. New Petchburi Medical Services Co., Ltd.	-	-	-	-
21. Bangkok Health Insurance Limited	0.17	0.19	-	-
22. Royal Bangkok Healthcare Co., Ltd.	-	-	-	-
23. Greenline Synergy Co., Ltd.	0.63	0.17	-	-
24. Bangkok Hospital Kao Yai Co., Ltd. (formerly name "Chiang Mai Medical Hospital Co., Ltd.")	0.24	-	-	-

- c) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- e) Material inter-company balances and transactions between the Company and its subsidiaries and the Company's investments in subsidiary companies and the share capital of the subsidiary companies are eliminated from the consolidated financial statements.
- f) The differences between cost of investments over/under the Company's share of fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary companies on acquisition date are shown under the caption of "Goodwill" in the consolidated balance sheets.

- g) The financial statements of overseas subsidiary companies are translated into Baht at the closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences are shown under the caption of "Translation adjustment" in shareholders' equity.
- h) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

### 3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions has issued Notification No. 12/2552, regarding the renumbering of Thai Accounting Standards to match the corresponding International Accounting Standards. Therefore, the numbers of Thai Accounting Standards as used in these financial statements are corresponded to those per this notification.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows:

#### 3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for Preparation and Presentation of Financial Statements (revised 2007)	
TAS 36 (revised 2007)	Impairment of Assets
TFRS 5 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations
Accounting Treatment Guidance for Leasehold Right	
Accounting Treatment Guidance for Business Combination under Common Control	

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that TFRS 5 (revised 2007) is not relevant to the business of the Company, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007) Accounting Treatment Guidance for Leasehold Right and Accounting Treatment Guidance for Business Combination under Common Control do not have any significant impact on the financial statements for the current year.

#### 3.2 Accounting standards which are not effective for the current year

		Effective date
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

The management has assessed the effect of these accounting standards and believes that TAS 20 and TAS 40 will not be relevant to the business of the Company while TAS 24 (revised 2007) will not have any significant impact on the financial statements for the year in which they are initially applied.

## 4. Significant accounting policies

### 4.1 Revenue recognition

#### *Hospital operations*

Revenues from hospital operations, mainly consisting of medical fees, hospital room sales and medicine sales, are recognised as income when services have been rendered or medicine delivered.

#### *Revenue from sales of goods and food*

Sales of goods and food are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods and food supplied after deducting discounts.

#### *Service income*

Service income is recognised when services have been rendered.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective rate.

#### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

### 4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and cash at financial institutions and highly liquid investment with an original maturity of 3 months or less and not subject to withdrawal restrictions.

### 4.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

### 4.4 Inventories

Inventories are valued at lower of cost (weighted average basis) or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

### 4.5 Investments

- a) Investments in associated companies are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiary and associated companies are accounted for in the separate financial statements using the cost method.
- c) Other investments in non-marketable securities which the Company regards as other investment are stated at cost. Allowance for impairment loss will be made when the net realisable value is lower than the cost of investments.
- d) Investment in available-for-sale securities is determined at fair value, which is based on the latest bid price quoted on the Stock Exchange of Thailand on the last working day of the year. Change in the value of the available-for-sale securities is shown as a separate item in shareholder's equity until securities are sold, the change will be included in income statements.

#### **4.6 Property, premises and equipment/Depreciation**

Land is stated at cost or revalued amount. Premises and equipment are stated at cost less accumulated depreciation and impairment loss (if any). Depreciation of premises and equipment is calculated by reference to their cost on a straight-line basis over the estimated useful lives of each item of property, premises and equipment. The estimated useful lives of assets are as follows:

	<b>Previous useful lives</b>	<b>Current useful lives</b>
Building, structures and building improvements	5-10, 20, 40, 50 years	5-10, 40 years
Medical tools and equipment, furniture and office equipment	3-10 years	3-10 years
Vehicles	5-8 years	5-8 years

Since 1 October 2009, the Company and its subsidiaries have changed the estimated useful lives of partial building from 20 years and 50 years to 40 years in order to correspond with the actual remaining useful lives.

No depreciation is provided on land and fixed assets under construction and installation.

#### **Revalued assets**

The Company and its subsidiaries initially recorded land at cost on acquisition dates. Land is subsequently revalued by independent professional appraiser, to its fair values. Revaluations are made with sufficient regularity to ensure that its carrying amounts do not differ materially from its fair value at the balance sheet date.

The Company and its subsidiaries records the differences incurred from revaluation as follows:

- When an asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to equity under the caption of "Revaluation surplus on land". However, a revaluation increase should be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.

- When an asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised as an expense in the income statement. However, a revaluation decrease should be charged directly against any related "Revaluation surplus on land" to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset and the excess is recognised an expense in the income statement.

#### **4.7 Intangible assets**

Intangible assets acquired in a business combination are recognised at fair value on the date of acquisition. Other acquired intangible assets are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

A summary of the intangible assets with finite useful lives is as follow:

	Useful lives
Computer software	5-10 years

#### 4.8 Goodwill

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

#### 4.9 Related party transactions

Related parties comprise enterprises and individuals that control or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

In addition, related parties include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, and key management personnel, and directors and officers with authority in the planning and direction of the Company's operations.

#### 4.10 Finance leases

Leases of property, premises or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. The property, premises or equipment acquired under finance leases is depreciated over the useful life of the assets.

#### 4.11 Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised as expenses in the income statements over the period of the lease.

#### 4.12 Impairment of assets

At each reporting date, the Company and its subsidiaries performs impairment reviews in respect of the property, premises and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's

fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement. However, in cases where property was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

#### **4.13 Leasehold rights**

Leasehold rights are amortised on the straight-line basis over the lease period.

#### **4.14 Deferred income**

Deferred income represents cash received in advance from Life Privilege members and is amortised over the periods of 10 years.

#### **4.15 Foreign currencies**

Transactions in foreign currencies incurred during the year are translated into Baht at the rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the rates ruling on the balance sheet date.

Exchange gains and losses are included in the income statements.

#### **4.16 Financial instruments**

Financial assets carried on the balance sheet included cash and cash equivalents, short-term investments, trade accounts receivable, short-term loan and long-term loan to related parties, restricted bank deposit, and investments. Financial liabilities carried on the balance sheet included bank overdrafts and short-term loans from financial institution, trade accounts payable, short-term loans from related parties, long-term loans, liabilities under finance leases, convertible debentures and debentures. The accounting policy for each item is separately disclosed in the related notes.

The Company and its subsidiaries have no policy to hold any off-balance sheet derivative financial instruments for speculative or trading purpose.

#### **4.17 Income tax**

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

#### **4.18 Employee benefits**

Salary, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

#### **4.19 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.20 Interest rate swap contracts**

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

### **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. The significant accounting judgments and estimates are as follows:

#### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, debt collection experience, aging profile of outstanding debts and the prevailing economic condition.

#### **Property, premises and equipment/Depreciation**

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's premises and equipment and to review estimate useful lives and salvage values when there are any changes.

The Company and its subsidiaries measure land at revalued amounts. Fair value from revaluation is determined by independent valuer using market approach for land. Such valuation is based on certain assumptions and estimates.

#### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

#### **Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

#### **Impairment of equity investments**

The Company and its subsidiaries treats available-for-sale equity investments and other investments as impaired when there has been a significant or permanent decline in the fair value below their cost or where other objective evidence of impairment exists. The determination requires judgment.

#### **Goodwill and intangible assets**

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

## Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company and its subsidiaries' management have used judgment to assess of the results of the litigation and believes that the provision amount recognized in the financial statement is adequate. However, actual results could differ from the estimates.

## 6. Cash and cash equivalents

Cash and cash equivalents for the years ended 31 December 2009 and 2008, consist of the followings:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Cash and deposit at banks	1,843,836,702	1,158,676,100	1,132,426,487	657,870,576
Fixed deposits and promissory notes	1,260,405,100	206,237,862	1,200,008,819	100,008,627
	3,104,241,802	1,364,913,962	2,332,435,306	757,879,203
Less: Fixed deposits and promissory notes with maturity more than 3 months (short-term investments)	(1,201,828,280)	(102,024,515)	(1,200,008,819)	(100,008,627)
Restricted bank deposit	(15,972,003)	(16,495,645)	-	-
Total cash and cash equivalents	1,886,441,519	1,246,393,802	1,132,426,487	657,870,576

## 7. Restricted bank deposit

As at 31 December 2009, the subsidiaries had placed their fixed deposits at bank with maturity over 3 months and savings account of Baht 12.5 million (2008: Baht 13.0 million) as a collateral against bank guarantees as discussed in Note 27.1 and Baht 3.5 million (2008: Baht 3.5 million) as a collateral against a government sector.

## 8. Trade accounts receivable

As at 31 December 2009 and 2008, the aging analysis of the outstanding trade accounts receivable is as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Related parties</b>				
Less than 3 months	1,023	721	4,554	3,899
3 - 6 months	35	509	2,344	922
6 - 12 months	-	16	36	-
over 12 months	-	14	-	-
Total trade accounts receivable - related parties	1,058	1,260	6,934	4,821
<b>Unrelated parties</b>				
Less than 3 months	1,303,419	1,237,955	406,654	397,327
3 - 6 months	175,019	239,208	82,230	153,447
6 - 12 months	119,412	138,251	69,503	74,710
over 12 months	107,066	89,349	62,276	53,509
Total trade accounts receivable - unrelated parties	1,704,916	1,704,763	620,663	678,993
Less: Allowance for doubtful accounts	(154,509)	(152,961)	(90,156)	(104,614)
Total trade accounts receivable - unrelated parties - net	1,550,407	1,551,802	530,507	574,379
<b>Total trade accounts receivable - net</b>	<b>1,551,465</b>	<b>1,553,062</b>	<b>537,441</b>	<b>579,200</b>

## 9. Related party transactions

The Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and based agreed upon between the Company and those related parties. Below is a summary of those transactions.

Transaction	Pricing and lending policy
Revenue from hospital operation and lab service	Prices are based on the price charged to normal customers
Revenue and expenses from consulting and management	Rate as stipulated in agreements
Interest charge of inter-company loan	Interest rate is close to rate charged by bank to normal customers
Purchase and sales of fixed assets	Prices are based on conditions of fixed assets as a basis in trading
Purchase of investments	The same prices as purchase price from unrelated parties

The significant intercompany transactions are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Subsidiary companies</b>				
Revenue from hospital operations and lab services	-	-	27.8	22.3
Consulting and management fee income	-	-	190.2	195.5
Interest income	-	-	168.2	166.7
Dividend income (Note 11)	-	-	574.2	38.9
Other income	-	-	59.4	30.7
Service cost	-	-	281.2	255.8
Consulting and management fee expenses	-	-	152.8	99.1
Other expenses	-	-	74.0	33.3
Interest expenses	-	-	5.1	5.7
Sales of medical equipment	-	-	24.4	-
Purchase of investments in ordinary shares of subsidiary held by another subsidiary	-	-	19.2	-

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Associated companies</b>				
Revenue from hospital operations and lab services	1.3	0.6	0.6	-
Dividend income (Note 12)	-	-	59.0	62.9
Other income	23.7	0.5	-	0.5
Service cost	89.3	88.7	60.7	57.5
Other expenses	0.6	3.3	-	3.2
Interest expenses	-	0.1	-	-
Dividend payment	3.2	-	3.2	-

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Individuals or related companies</b>				
Revenue from hospital operations and lab services	2.7	3.6	-	0.6
Other income	6.0	-	-	-
Service cost	15.9	11.9	15.8	11.8
Other expenses	4.4	6.4	-	6.1
Dividend payment	70.0	51.7	70.0	51.7

The outstanding balances of the above transactions as at 31 December 2009 and 2008 have been separately shown in the balance sheets as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Trade accounts receivable - related parties</b>				
Subsidiary companies	-	-	6,892	4,309
Associated companies	958	161	-	-
Related companies	100	1,099	42	512
<b>Total trade accounts receivable - related parties</b>	<b>1,058</b>	<b>1,260</b>	<b>6,934</b>	<b>4,821</b>

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Short-term loans to related parties</b>				
Subsidiary companies	-	-	209,492	45,811
<b>Total short-term loans to related parties</b>	<b>-</b>	<b>-</b>	<b>209,492</b>	<b>45,811</b>
<b>Other accounts receivable - related parties</b>				
<b>Consulting and management fee receivable</b>				
Subsidiary companies	-	-	23,672	25,268
<b>Total</b>	<b>-</b>	<b>-</b>	<b>23,672</b>	<b>25,268</b>
<b>Other</b>				
Subsidiary companies	-	-	16,709	16,822
Associated companies	5,776	2,804	2,700	2,804
Related companies	16,507	43,677	-	-
<b>Total</b>	<b>22,283</b>	<b>46,481</b>	<b>19,409</b>	<b>19,626</b>
<b>Total other accounts receivable - related parties</b>	<b>22,283</b>	<b>46,481</b>	<b>43,081</b>	<b>44,894</b>

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Long-term loans to related parties</b>				
Subsidiary companies	-	-	2,786,758	3,560,759
<b>Total long-term loans to related parties</b>	<b>-</b>	<b>-</b>	<b>2,786,758</b>	<b>3,560,759</b>
<b>Interest receivable - a related party - net</b>				
Subsidiary company	-	-	-	33,610
<b>Total interest receivable - a related party - net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,610</b>

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Leasehold rights - related parties - net</b>				
(included in other non-current assets - net)				
Associated companies	286,368	302,979	-	-
Related person and related company	98,188	105,550	-	-
<b>Total leasehold rights - related parties</b>	<b>384,556</b>	<b>408,529</b>	<b>-</b>	<b>-</b>
<b>Trade accounts payable - related parties</b>				
Subsidiary companies	-	-	41,359	38,647
Associated companies	56,888	34,356	46,436	26,051
Related companies	1,008	802	1,000	794
<b>Total trade accounts payable - related parties</b>	<b>57,896</b>	<b>35,158</b>	<b>88,795</b>	<b>65,492</b>
<b>Short-term loans from related parties</b>				
Subsidiary companies	-	-	622,886	396,580
<b>Total short-term loans from related parties</b>	<b>-</b>	<b>-</b>	<b>622,886</b>	<b>396,580</b>
<b>Other accounts payable - related parties</b>				
Subsidiary companies	-	-	18,388	15,182
Associated companies	411	26,726	-	-
Related companies	14,038	15,987	-	-
<b>Total other accounts payable - related parties</b>	<b>14,449</b>	<b>42,713</b>	<b>18,388</b>	<b>15,182</b>
<b>Deposit - related parties</b>				
(included in other non-current liabilities)				
Subsidiary companies	-	-	2,045	1,744
Associated company	113	113	113	113
<b>Total deposit - related parties</b>	<b>113</b>	<b>113</b>	<b>2,158</b>	<b>1,857</b>

Movement of loans to and loans from related parties during the year are summarised as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2008	Increase	Decrease	31 December 2009
<b>Short-term loans to related parties</b>				
Subsidiary companies	45,811	191,671	(27,990)	209,492
<b>Total short-term loans to related parties</b>	45,811	191,671	(27,990)	209,492
<b>Long-term loans to related parties</b>				
Subsidiary companies	3,560,759	436,073	(1,210,074)	2,786,758
<b>Total long-term loans to related parties</b>	3,560,759	436,073	(1,210,074)	2,786,758
<b>Short-term loans from related parties</b>				
Subsidiary companies	396,580	622,886	(396,580)	622,886
<b>Total short-term loans from related parties</b>	396,580	622,886	(396,580)	622,886

### Group financial management

In 2008, the Company has managed inter-company loans for the purpose of liquidity management among the Group. The interest charge of inter-company loans is close to the rate of commercial banks. As at 31 December 2009, the Company has outstanding loans from subsidiaries totaling Baht 622.89 million (2008: Baht 396.58 million).

### Short-term and long-term loans to related parties

The Company has entered into short-term loan agreements and long-term loan agreements for a period of 3-8 years with its subsidiaries. The Company charged interest on loan to related parties at the Fixed Deposit Rate (FDR) plus 2.50% per annum and LIBOR plus 2.50% per annum. The interest is repayable on a monthly basis and the principal is repayable on a basis as stipulated in the agreements. In 2009, the interest rate has been changed from the Fixed Deposit Rate (FDR) plus 2.50% per annum to fixed interest rate as stipulated in the agreement. As at 31 December 2009, the Company has outstanding short term and long term loans from subsidiaries totaling Baht 2,996.25 million (2008: Baht 3,606.57 million).

In 2009, the Company has fully collected long overdue loan interest receivable from Bangkok Hospital Hatyai Co., Ltd. and also reversed allowance for doubtful accounts totaling Baht 9.58 million.

### Management agreement

#### The Company

The Company services hospital management to its subsidiaries which the remuneration rates are based on the net revenue from hospital operations.

#### The Subsidiary

The subsidiary company has entered into a Hospital Management Agreement with another subsidiary company. The agreement is for a period of ten years and is entitled to renew. The subsidiary company shall receive managing income at the certain percentage of total operation result as stated in the agreement. The payment must be made on a monthly basis, starting in June 2002.

### **Long term rental agreement**

#### The Company

In May 2004, a subsidiary company entered into the three-year land rental agreement with the Company for hospital operation. The subsidiary company has to pay a monthly rental fee at the rate stipulated in the agreement. Subsequently, the subsidiary has extended the land rental agreement for 3 years and has to pay a monthly rental fee at the rate stipulated in the agreement, commencing from 1 May 2007.

#### The Subsidiaries

As at 5 June 2003, a subsidiary company entered into the three-year land rental agreement with another subsidiary company for building construction. The subsidiary company has to pay a monthly rental fee at the rate stipulated in the agreement, commencing from 1 January 2004. The subsidiary has extended the agreement to 31 December 2012.

In 2005, a subsidiary company entered into the three-year building rental agreement with another subsidiary company for hospital operation. That subsidiary company has to pay a monthly rental fee at the rate as agreed in the agreement commencing from May 2005. In 2008, the subsidiary company has extended the agreement for 3 years.

### **Service and management agreement**

A subsidiary company has entered into the service and management agreements with the Company and other related parties. The Company and other related parties have to pay a monthly service and management fee at the rate stipulated in the agreements.

The Company and other related parties have entered into information technology management agreements with a subsidiary company. The Company and other related parties have to pay a monthly service fee at the rate stipulated in the agreements.

A related company has entered into the service agreements with the Company and related parties. The Company and related parties have to pay a monthly service fee at the rate stipulated in the agreements.

### **Air ambulance service agreement**

#### Associated company

On 1 September 2007, an associated company entered into the air ambulance service agreement with the Company. The agreement is for a period of 3 years starting from the date the service is commenced and is entitled to renew. The agreement stipulated the monthly minimum service fee which the associated company earned from the Company.

### **Guarantee obligations with related party**

The Company had guaranteed long-term loan amounting to USD 4 million and overdraft facility amounting to USD 1 million for a subsidiary company.

## **10. Inventories**

As at 31 December 2009 and 2008, inventories consisted of:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Medicines and medical supplies	220,086,093	198,418,251	62,412,093	55,318,841
Reagent	1,296,787	24,151,864	-	-
Supplies and others	33,856,548	2,692,314	-	-
<b>Total</b>	<b>255,239,428</b>	<b>225,262,429</b>	<b>62,412,093</b>	<b>55,318,841</b>

(Unit: Baht)

## 11. Investments in subsidiary companies

(Unit: Thousand Baht)

Company's name	Nature of business	Paid-up Capital	Separate financial statements					
			% Shareholding		Investments - cost method		Dividend received during the year	
			2009	2008	2009	2008	2009	2008
Samitivej Public Co., Ltd.	Hospital	Baht 1,000 million	95.76	94.32	1,639,071	1,544,777	94,317	-
Bangkok Hospital Hatyai Co., Ltd.	Hospital	Baht 500 million	98.75	98.69	574,142	573,681	-	24,633
Bangkok Phuket Hospital Co., Ltd.	Hospital	Baht 500 million	99.63	99.63	609,373	609,373	79,704	-
BNH Medical Center Co., Ltd.	Hospital	Baht 586 million	91.42	88.66	602,235	582,820	77,949	-
Bangkok Phrapradaeng Hospital Co., Ltd.	Hospital	Baht 105 million	79.00	79.00	96,775	96,775	-	-
Bangkok Pattaya Hospital Co., Ltd.	Hospital	Baht 280 million	97.21	97.09	708,086	706,271	217,614	-
Bangkok Rayong Hospital Co., Ltd.	Hospital	Baht 400 million	100.00	100.00	415,020	415,020	40,000	-
Bangkok Samui Hospital Co., Ltd.	Hospital	Baht 150 million	100.00	100.00	150,000	150,000	22,500	-
Bangkok Trat Hospital Co., Ltd.	Hospital	Baht 250 million	99.76	99.76	245,889	245,889	-	-
Wattanavej Co., Ltd.	Hospital	Baht 180 million	99.67	99.61	450,534	450,257	17,932	-
Bangkok Ratchasima Hospital Co., Ltd.	Hospital	Baht 300 million	89.16	87.86	911,472	899,228	-	-
National Healthcare Systems Co., Ltd.	Central Lab	Baht 75 million	74.02	74.02	56,768	56,768	18,487	-
Bio Molecular Laboratories (Thailand) Co., Ltd.	Central Lab	Baht 10 million	95.00	95.00	9,502	9,502	5,700	14,250
Angkor Pisith Co., Ltd.	Hospital	USD 10 million	80.00	80.00	287,840	287,840	-	-
Phnom Penh Medical Services Co., Ltd.	Hospital	USD 10 million	100.00	100.00	338,323	338,323	-	-
Royal Rattanak Medical Services Co., Ltd	Hospital	Riel 26,000 million	70.00	70.00	154,063	154,063	-	-
B.D.M.S. International Medical Services Co., Ltd.	Hospital	Riel 9,200 million	100.00	100.00	94,208	94,208	-	-
Asia International Healthcare Co., Ltd.	Investment	Baht 35 million	100.00	100.00	35,000	35,000	-	-
Bangkok Hospital Hua Hin Co., Ltd. (formerly name "Global Medical Network Co., Ltd.")	Hospital	Baht 260 million	100.00	100.00	260,000	160,000	-	-
New Petchburi Medical Services Co., Ltd.	Hospital	Baht 1 million	100.00	100.00	999	999	-	-
Bangkok Health Insurance Limited	Health Insurance	Baht 105 million	99.94	99.94	47,027	47,027	-	-
Royal Bangkok Healthcare Co., Ltd.	Management service	Baht 1 million	100.00	100.00	1,000	1,000	-	-
Greenline Synergy Company Limited	Technology and information service	Baht 30 million	100.00	100.00	30,000	30,000	-	-
Bangkok Hospital Kao Yai Co., Ltd. (formerly name "Chiang Mai Medical Hospital Co., Ltd.")	Hospital	Baht 70 million	100.00	-	70,000	-	-	-
Total investments in subsidiary companies					7,787,327	7,488,821	574,203	38,883

### **Domestic hospital business group**

#### **Samitivej Public Co., Ltd. and Samitivej Sriracha Co., Ltd.**

In 2009, the Company purchased additional investment of 1.45 million shares, totaling Baht 94.29 million in Samitivej Public Co., Ltd. from the former shareholders. As a result, the Company increased the percentage of shareholding in that company to 95.76 percent.

In 2009, the subsidiary company purchased additional investment of 0.05 million shares, totaling Baht 1.32 million in Samitivej Sriracha Co., Ltd. from another subsidiary company and other minority shareholders. As a result, the subsidiary company increased the percentage of shareholding in that company to 67.52 percent.

#### **Bangkok Hospital Hatyai Co., Ltd.**

In 2009, the Company purchased additional investment of 0.06 million shares, totaling Baht 0.46 million in Bangkok Hospital Hatyai Co., Ltd. from the former shareholders. As a result, the Company increased the percentage of shareholding in that company to 98.75 percent.

#### **BNH Medical Centre Co., Ltd.**

In 2009, the Company purchased additional investment of 1.62 million shares, totaling Baht 19.42 million in BNH Medical Centre Co., Ltd. from a subsidiary company and other minority shareholders. As a result, the Company increased the percentage of shareholding in that company to 91.42 percent.

#### **Bangkok Pattaya Hospital Co., Ltd.**

In 2009, the Company purchased additional investment of 0.03 million shares, totaling Baht 1.82 million in Bangkok Pattaya Hospital Co., Ltd. from the former shareholders. As a result, the Company increased the percentage of shareholding in that company to 97.21 percent.

#### **Wattanavej Co., Ltd.**

In 2009, the Company purchased additional investment of 0.01 million shares, totaling Baht 0.28 million in Wattanavej Co., Ltd. from the former shareholders. As a result, the Company increased the percentage of shareholding in that company to 99.67 percent.

#### **Bangkok Ratchasima Hospital Co., Ltd.**

In 2009, the Company purchased additional investment of 0.36 million shares, totaling Baht 12.24 million in Bangkok Ratchasima Hospital Co., Ltd. from the former shareholders. As a result, the Company increased the percentage of shareholding in that company to 89.16 percent.

#### **Bangkok Hospital Hua Hin Co., Ltd.**

In 2009, the Extraordinary Meeting of the subsidiary company's shareholders No. 1/2009 held on 28 December 2009 passed a special resolution to increase its share capital from Baht 160 million to Baht 260 million by issuing additional ordinary shares of 10,000,000 shares with par value of Baht 10 per share. The Company had fully paid up the share capital increase and still maintained a percentage of shareholding of 100 percent. In addition, there is another special resolution to change its company name from "Global Medical Network Co., Ltd." to be "Bangkok Hospital Hua Hin Co., Ltd.".

### Bangkok Hospital Kao Yai Co., Ltd.

In 2009, the Board of Director Meeting of the Company No. 11/2552 held on 25 November 2009 passed a resolution to purchase investment in Chiang Mai Medical Hospital Co., Ltd. for hospital business and the Company owned 100 percent.

Then, the Extraordinary Meeting of the subsidiary company's shareholders No. 2/2009 held on 27 December 2009 has passed a special resolution to increase its share capital from Baht 100,000 to Baht 70 million by issuing additional ordinary shares of 6,990,000 shares with par value of Baht 10 per share. The Company had fully paid up the share capital increase and still maintained a percentage of shareholding of 100 percent. In addition, there is another special resolution to change its company name to be "Bangkok Hospital Kao Yai Co., Ltd.".

Gain from sales of investment among subsidiaries has been eliminated from the consolidated financial statement.

## 12. Investments in associated companies

12.1 Detail of associated companies as at 31 December 2009 and 2008 are as follows:

Company's name	Nature of business	Paid-up Capital	% Shareholding		Consolidated financial statements		Separate financial statements	
					Equity Method		Cost Method	
			2009	2008	2009	2008	2009	2008
<b>Associated companies held by the Company</b>								
The Medic Pharma Co., Ltd.	Pharmaceutical	Baht 21.4 million	49.00	49.00	110,897	96,862	52,500	52,500
Cool & Joy Co., Ltd.	Production of Television and Radio program	Baht 5 million	30.00	30.00	1,069	1,070	1,500	1,500
S.R. Property Investment Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	1,208	884	101	101
Siem Reap Land Investment Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	950	647	101	101
Phnom Penh First Property Co., Ltd.	Real estate	Riel 20 million	49.00	49.00	1,602	882	88	88
Bangkok Helicopter Services Co., Ltd.	Service	Baht 100 million	49.00	49.00	39,902	33,789	50,859	50,859
Ramkhamhaeng Hospital Public Co., Ltd.	Hospital	Baht 120 million	38.24	38.24	1,770,745	1,652,751	1,459,800	1,459,800
<b>Total investments in associated companies held by the Company</b>					1,926,373	1,786,885	1,564,949	1,564,949
<b>Associated companies held by the subsidiary companies</b>								
Sodexo Support Services (Thailand) Co., Ltd.	Management service	Baht 5.0 million	26.00	26.00	5,387	2,284		
Al Ghait Bangkok Dusit Management Services LLC.	Management service	UAE DIRHAM 0.15 million	30.00	30.00	393	393		
<b>Total investments in associated company held by the subsidiary companies</b>					5,780	2,677		
<b>Total investments in associated companies in the consolidated financial statements</b>					1,932,153	1,789,562		

(Unit: Thousand Baht)

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	Share of income/loss from investments in associated companies		Dividend received during the year	
Company's name	2009	2008	2009	2008
<b>Associated companies held by the Company</b>				
The Medic Pharma Co., Ltd.	17,973	17,501	3,938	7,875
Cool & Joy Co., Ltd.	(1)	(381)	-	-
S.R. Property Investment Co., Ltd.	362	329	-	-
Siem Reap Land Investment Co., Ltd.	330	347	-	-
Phnom Penh First Property Co., Ltd.	757	798	-	-
Bangkok Helicopter Services Co., Ltd.	6,113	(3,998)	-	-
Ramkhamhaeng Hospital Public Co., Ltd.	173,055	164,001	55,061	55,061
<b>Associated companies held by the subsidiary companies</b>				
Sodexo Support Services (Thailand) Co., Ltd.	3,103	1,255	-	-
Al Ghaith Bangkok Dusit Management Services LLC.	-	-	-	-
Total	201,692	179,852	58,999	62,936

12.2 Fair values of investments in associated company which are listed companies in the Stock Exchange of Thailand

(Unit: Thousand Baht)

	Fair values as at 31 December	
Company's name	2009	2008
Ramkhamhaeng Hospital Public Co., Ltd.	2,441,042	2,385,980
Total	2,441,042	2,385,980

### 12.3 Summarised financial information of associated companies

(Unit: Million Baht)

The calculation of investment under the equity method as at 31 December 2009 and share of income from investment in some associated companies for the year ended 31 December 2009 of Baht 173 million (2008: Baht 181 million) were calculated based on audited financial statements of those companies. Share of income of Baht 173 million (2008: Baht 164 million), representing 86 percent (2008: 91 percent) of total share of income from all associated companies, is from an associated company which is a listed company on the Stock Exchange of Thailand.

### 13. Other long-term investments

Company's name	Nature of business	Paid-up capital (Million Baht)	% share holding	(Unit: Thousand Baht)				
				2009	2008			
<b>Investments held by the Company</b>								
<b>Investments in marketable securities</b>								
Thai Military Bank Public Co., Ltd.	Bank	415,367	-	1,770	1,770			
Krungdhon Hospital Public Co., Ltd.	Hospital	150	0.13	208	208			
Aikchol Hospital Public Co., Ltd.	Hospital	125	0.20	350	350			
				2,328	2,328			
Less: Revaluation loss on investments				(222)	(792)			
<b>Investments in marketable securities - net</b>				2,106	1,536			
<b>Investment in a related company</b>								
Bangkok Airways Co., Ltd.	Airline	1,200	1.20	36,000	36,000			
<b>Investment in a related company</b>				36,000	36,000			
<b>Investments in other companies</b>								
Udon Pattana (1994) Co., Ltd.	Hospital	300	10.00	31,650	31,650			
X-Ray Computer Urupong Co., Ltd.	X-ray lab	100	4.09	4,520	4,520			
Computer Center Co., Ltd.		-	-	25	25			
Phyathai X-ray Co., Ltd.	Rental of medical instrument	130	-	3	3			
Winstore Co., Ltd.	Retail and wholesale	142	0.36	226	226			
Thai Longstay Management Co., Ltd.	Travel business	100	1.06	531	531			
Prasit Pattana Public Company Limited	Investment in medical services	2,341	19.43	1,071,715	903,156			
Superior Biotech Holding Co., Ltd.	Investment	44	9.09	5,000	5,000			
				1,113,670	945,111			
Less: Allowance for impairment of investments				(12,587)	(12,587)			
<b>Investments in other companies-net</b>				1,101,083	932,524			
<b>Investment in debt security</b>								
Bill of Exchange				500,000	-			
<b>Investment in debt security</b>				500,000	-			
<b>Total other long-term investments - net, in the separate financial statements</b>				1,639,189	970,060			

In 2009, the Company purchased additional investment of share 172.40 million, totaling Baht 168.56 million in Prasit Pattana Public Company Limited. As a result, the Company increased the percentage of shareholding in that company to 19.43 percent.

In September 2009, the Company invested in 18-month bill of exchange totaling Baht 500 million issued by a financial institution. This bill of exchange bears interest at 2.15% per annum.

#### **14. Property, premises and equipment**

(Unit: Baht)

Separate financial statement						
	Assets which are stated at cost or reappraised value					
	Assets which are stated at cost					
	Land and land improvement	Building and building improvement	Medical tools and equipment	Furniture, fixture and office equipment	Vehicles	Building under construction and medical tools and equipment under installation
<b>Cost/reappraised value</b>						
31 December 2008	836,787,500	4,199,908,946	2,361,861,673	1,168,579,579	149,319,419	81,328,241
Purchases	-	14,990,899	93,606,048	9,045,244	2,119,631	68,604,190
Transfer in / (Transfer out)	-	73,119,979	1,040,580	28,550,428	-	(108,955,529)
Disposals	-	-	(126,025,104)	(135,569)	(11,023,072)	-
31 December 2009	836,787,500	4,288,019,824	2,330,483,197	1,206,039,682	140,415,978	40,976,902
<b>Accumulated depreciation</b>						
31 December 2008	-	1,025,192,779	1,118,786,089	887,593,178	124,037,176	-
Depreciation for the year	-	312,756,682	289,800,402	112,390,262	13,614,719	-
Disposals	-	-	(79,230,335)	(127,561)	(9,020,081)	-
31 December 2009	-	1,337,949,461	1,329,356,156	999,855,879	128,631,814	-
<b>Net book value</b>						
31 December 2008	836,787,500	3,174,716,167	1,243,075,584	280,986,401	25,282,243	81,328,241
31 December 2009	836,787,500	2,950,070,363	1,001,127,041	206,183,803	11,784,164	40,976,902
Depreciation charged (included in income statement) for the year						
2008						703,482,601
2009						728,562,065

In 2008, the Company recorded the revaluation value of a subsidiary based on the appraisal from an independent professional appraiser. The appraisal based on the market approach reflected the fair values of the revalued land approximately Baht 59.3 million which were higher than the former revalued cost of Baht 19.0 million which was included in "Revaluation surplus on land" in shareholders' equity in the consolidated balance sheets and the Company recorded decrease from the original cost of Baht 0.6 million as impairment loss in the consolidated income statements of 2008. In addition, the Company recorded the revaluation surplus of an associated company totaling Baht 31.30 million as "Revaluation surplus on land" in shareholders' equity in the consolidated balance sheet.

In 2009, the Company recorded the revaluation value of three subsidiary companies based on the appraisal from an independent professional appraiser. The appraisal based on the market approach reflected the fair values of the revalued land totalling Baht 2,737.82 million which increased from book value of Baht 815.87 million. The Company recorded such increase amount in "Revaluation surplus on land" and "Minority interest" in shareholders' equity in the consolidated balance sheets of Baht 773.95 million and Baht 41.92 million respectively.

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

If the Company and its subsidiaries recorded the land at cost, their net book value as at 31 December 2009 and 2008 would have been as follows:

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
<b>Net book value (at cost):</b>		
As of 31 December 2009	2,119,570,976	252,054,285
As of 31 December 2008	2,002,894,334	252,054,285

As at 31 December 2009, the Company and its subsidiaries have medical tools, equipment and vehicles under finance lease agreements with net book values amounting to Baht 304.92 million and separate financial statement amounting to Baht 4.33 million (2008: Baht 394.22 million and separate financial statement: Baht 53.82 million).

As at 31 December 2009, the Company and its subsidiaries have certain building improvement, medical tools, equipment and vehicles which have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 4,432.40 million and separate financial statement Baht 1,115.65 million (2008: Baht 3,765.73 million and separate financial statement: Baht 813.47 million).

## 15. Land not used in operations

Land not used in operations as at 31 December 2009 and 2008 consisted of:

(Unit: Baht)

	Consolidated and Separate financial statements	
	2009	2008
Land at historical cost	329,385,815	329,385,815
Revaluation surplus	143,747,985	143,747,985
Allowance for impairment	(719,600)	(719,600)
Total	472,414,200	472,414,200

The cumulative capitalised interest on loans recorded as a portion of cost of land not used in operations amounted to approximately Baht 29 million (2008: Baht 29 million).

## 16. Intangible assets

Intangible assets which are computer software are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Cost	393,737,312	326,293,850	141,559,747	132,229,955
Less: Accumulated amortisation	(222,574,766)	(188,282,753)	(61,837,202)	(51,390,315)
Book value - net	171,162,546	138,011,097	79,722,545	80,839,640
Amortisation for the year	34,302,970	28,860,424	10,446,887	8,584,933

## 17. Leasehold rights

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Cost	670,752,981	685,295,138	80,049,598	80,049,598
Less: Accumulated amortisation	(123,017,731)	(105,592,995)	(16,831,286)	(12,616,300)
Book value - net	547,735,250	579,702,143	63,218,312	67,433,298
Amortisation for the year	17,616,959	17,474,603	4,214,986	4,270,952

## 18. Bank overdrafts and short-term loans from financial institution

As at 31 December 2009, the Company and its subsidiaries have bank overdraft facilities with local banks of Baht 543 million (2008: Baht 548 million) and separate financial statement of Baht 290 million (2008: Baht 260 million) with interest rate at MOR (Minimum Overdraft Rate).

In 2008, the Company had obtained a loan by issuance of bill of exchange amounting to Baht 500 million which was sold to a financial institution for a total of Baht 489.91 million, with deferred interest expenses of Baht 10.09 million. As at 31 December 2008, the Company had net bill of exchange balance of Baht 491.62 million. The Company has already repaid such loan in June 2009.

## 19. Long-term loans from financial institutions

(Unit: Baht)

	As at 31 December			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Long-term loans	2,970,226,079	3,376,645,480	2,807,700,000	3,172,380,550
Less: Current portion due within one year	(361,887,773)	(369,625,715)	(343,800,000)	(343,800,000)
Long-term loans – net of current portion	2,608,338,306	3,007,019,765	2,463,900,000	2,828,580,550

### The Company

- a) In 2008, the Company has issued the debenture for a total amount of Baht 5,000 million as discussed in Note 30. The Company and its subsidiaries used the proceeds from the debentures to settle most of the long-term loans from the financial institutions and have already withdrawn the mortgage and pledge of assets to secure such long-term loans from financial institutions. In addition, the Company entered into a 10-year loan agreement with a bank with the credit facilities of Baht 3,438 million. The loan bears interest at the fixed deposit rate (FDR) plus 2.0% per annum as stipulated in the agreement. The interest and principal are repayable on a monthly basis. This loan contains the condition that the Company and its subsidiaries should not mortgage any assets and also certain covenants which the Company and its subsidiaries must comply with. The Company has entered into an interest rate swap contract for the above loan with a financial institution as discussed in Note 32.2. The outstanding balance of this loan as at 31 December 2009 was Baht 2,807.7 million (2008: Baht 3,151.5 million).
- b) In September 2008, the Company entered into a loan agreement with a financial institution. The credit facilities are USD 25 million. The loan bears interest at the rate of LIBOR plus 2 percent per annum. The interest and principal are repayable on a quarterly basis according to a condition as stipulated in the agreement. As at 31 December 2008, the Company had withdrawn the loan totaling USD 0.6 million or equivalent to Baht 20.9 million. In 2009, the Company had already fully repaid such loan.
- c) In July 2009, the Company entered into a loan agreement with a financial institution. The credit facilities are Baht 1,500 million. The loan bears interest at the rate of Fixed Deposit Rate (FDR) plus 2.0 percent per annum for the first six month, and then the interest rate will be at the rate of Fixed Deposit Rate (FDR) plus 3.5 percent per annum. The interest and principal are repayable on a monthly basis according to a condition as stipulated in the agreement. The drawdown period is within 1 year from the agreement date. As at 31 December 2009, the Company had not yet withdrawn such loan.
- d) In August 2009, the Company entered into a loan agreement with a financial institution. The credit facilities are Baht 3,000 million. The loan bears interest at the rate of Fixed Deposit Rate (FDR) plus 2.0 percent per annum for the first six month, and then the interest rate will be at the rate of Fixed Deposit Rate (FDR) plus 3.5 percent

per annum. The interest and principal are repayable on a monthly basis according to a condition as stipulated in the agreement. The drawdown period is within 1 year from the agreement date. As at 31 December 2009, the Company had not yet withdrawn such loan.

#### The subsidiaries

- a) In June 2008, Bangkok Ratchasima Hospital Co., Ltd., a subsidiary company, entered into a loan agreement with a financial institution. The credit facilities were Baht 20 million. The loan bears interest at the rate of 4 percent per annum. The interest and principal are repayable on a monthly basis according to a condition as stipulated in the agreement. As at 31 December 2009, this loan has outstanding balance of Baht 18.89 million (2008: Baht 20.00 million).
- b) In May 2007, Angkor Pisith Co., Ltd., a subsidiary company, entered into a loan agreement with a foreign financial institution. The credit facilities were USD 4 million. The loan bears interest at the rate of LIBOR plus fixed rate per annum. The interest and principal are repayable on a monthly basis according to a condition as stipulated in the agreement. This loan is guaranteed by the Company. As at 31 December 2009, this loan has outstanding balance of USD 3.98 million or equivalent to Baht 132.67 million. (2008: USD 4.00 million or equivalent to Baht 139.77 million).
- c) In November 2006, Samitivej Public Company Limited, a subsidiary company, has entered into a long-term loan agreement with a local bank amounting to Baht 41.64 million. The loan repayment and loan bears interest at the rate specified in the agreement. As at 31 December 2009, the Company has outstanding loan amounting to Baht 10.96 million (2008: Baht 24.88 million).
- d) On 15 September 2006, a subsidiary company of Samitivej Public Company Limited entered into a loan agreement with a local bank for a loan of Baht 28 million. The loan repayment and loan bears interest at the rate specified in the agreement. As at 31 December 2009, the subsidiary company has no any outstanding loan (2008: Baht 19.61 million).

The Company's and its subsidiaries' loan agreements contain certain covenants which the Company and its subsidiaries must comply with.

#### 20. Liabilities under finance lease agreements

As at 31 December 2009 and 2008, liabilities under finance lease agreements are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Liabilities under finance lease agreements	188,321	281,423	2,773	13,914
Less: Deferred interest expenses	(14,231)	(30,704)	(161)	(1,090)
Total	174,090	250,719	2,612	12,824
Less: Current portion of liabilities under finance lease agreements	(79,819)	(108,255)	(1,247)	(11,450)
Liabilities under finance lease agreements - net of current portion	94,271	142,464	1,365	1,374

As at 31 December 2009, future minimum lease payments required under the finance lease agreements are as follows:

(Unit: Million Baht)

	Consolidated financial statements		
	Less than 1 year	1-5 years	Total
Future minimum finance lease payments	88.5	99.8	188.3
Deferred interest expenses	(8.7)	(5.5)	(14.2)
Present value of future minimum finance lease payments	79.8	94.3	174.1

(Unit: Million Baht)

	Separate financial statements		
	Less than 1 year	1-5 years	Total
Future minimum finance lease payments	1.3	1.5	2.8
Deferred interest expenses	(0.1)	(0.1)	(0.2)
Present value of future minimum finance lease payments	1.2	1.4	2.6

### Liabilities under finance lease agreements

The Company and its subsidiaries have finance lease agreements with various leasing companies to rent medical tools, equipment, and vehicles for use in their operations. The installments are paid on a monthly basis over 32-60 periods and at the end of the agreements, the Company and its subsidiaries have the option to purchase the assets at prices specified in the agreements.

### 21. Dividends

On 27 March 2008, the 2008 Annual General Meeting of the Company's shareholders approved a dividend payment of Baht 0.50 per share to the holders of the Company's 1,214,130,812 shares (par value of Baht 1 each), or totaling Baht 607.1 million. The dividend payment was made in April 2008.

On 2 April 2009, the 2009 Annual General Meeting of the Company's shareholders approved a dividend payment of Baht 0.60 per share to the holders of the Company's 1,214,498,745 shares (par value of Baht 1 each), or totaling Baht 728.7 million. The dividend payment was made in April 2009.

### 22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

### 23. Expenses by nature

Significant expenses by nature for the years ended 31 December 2009 and 2008 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Employee expenses	4,957.2	4,724.9	1,423.6	1,433.4
Depreciation and amortisation expenses	2,276.7	2,169.9	743.2	716.3
Advertising and public relation expenses	370.1	452.2	171.2	210.9
Rental expenses	295.9	298.3	41.6	88.3

In addition, there were other expenses such as doctor fees, drugs and medical supplies and others.

## 24. Provident fund

The Company, its subsidiaries and their employees jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. The fund is contributed by both employees and the Company and its subsidiaries at the agreed percentage rates based on their basic salaries and is managed by many financial institutions. The fund will be paid to the employees upon termination in accordance with the rules of the fund.

In 2009, the Company and its subsidiaries contributed Baht 82.10 million (2008: Baht 68.38 million) and separate financial statement contributed Baht 22.18 million (2008: Baht 19.46 million) to the fund.

## 25. Earnings per share

Basic earnings per share is determined by dividing the net income for the year by the weighted average number of ordinary shares in issue during the year.

No disclosure of diluted earnings per share is required for 2009 and 2008 after the issue of convertible debentures (as discussed in Note 29) since the calculated earnings per share assuming the conversion of all convertible debentures to ordinary shares is not diluted.

## 26. Long-term lease agreements

### The Company

The Company has entered into a land rental agreement for a car parking building for a period of 20 years from 26 February 2004 to 25 February 2024. The rental fee for the first 17 months is Baht 200,000 per month and will be increased by the rate as agreed in the agreement. The rental for the last 3 years will be Baht 560,000 per month.

The Company has entered into a land rental agreement for construction of an OPD building for a period of 30 years from 28 September 2004 to 27 September 2034. The first payment date is 10 October 2005 at the rental fee of Baht 50,000 per month. The rate will be increased by 10% of the latest rental of every three years.

The Company has entered into a land rental agreement for a car parking for a period of 7 years from 1 September 2005 to 31 August 2012 and the rental is paid on a monthly basis. The first payment date is 1 September 2005 at the rate of Baht 131,000 per month. The rental rate will be Baht 175,000 per month starting from 1 September 2006 onward.

The Company has entered into a land rental agreement for a period of 30 years from 1 January 2006 to 31 December 2035 and the rental is paid on a monthly basis. The first payment date is 5 January 2006 and rental to be paid at Baht 30,000 per month and from 1 January 2027 onward at Baht 100,000 per month.

The Company has entered into an agreement to construct a hospital building on land owned by a government authority. The condition of the agreement states that upon completion of the building construction, the Company has to transfer the ownership over such building to that authority. After the authority accepts such transfer, in 2006 the Company entered into another land and hospital building rental agreement with that government authority. The agreement will cover a period of 30 years after the signing date of the agreement and the Company is obliged to pay rental on a yearly basis. The rental fee for the first 5 years is Baht 492,676 per year and this fee is to be increased every 5 years. The rental for the last 5 years will thus be Baht 990,943 per year.

#### Samitivej Public Company Limited

The subsidiary company has entered into a rental agreement for a parking building dated 10 September 2003, for 30 years, effective from 8 December 2004. The total rental fee over the lease will thus be Baht 155.11 million. The subsidiary company is committed to pay Baht 38.78 million as prepaid rental as per the schedule. The remaining rental fee will be paid on a monthly basis. In addition, the subsidiary company has entered into a service agreement with the same company for providing of services in the parking building for 30 years total of Baht 103.41 million.

#### BNH Medical Center Co., Ltd.

The subsidiary company entered into an agreement with an association which is a shareholder, to lease land for the construction of a hospital for a period of 30 years, commencing 1 September 1993, with options to renew.

### 27. Commitments and contingent liabilities

As at 31 December 2009 commitments and contingent liabilities are as follows:

#### **27.1 Commitments and contingent liabilities**

	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-5 years	Over 5 years	Less than 1 year	1-5 years	Over 5 years
Contractual commitments						
- the land and building rental contracts (including long-term agreements in Note 26)	83	178	420	24	33	105
- the office equipment rental and other services	167	110	-	63	14	-
- the medical equipment provision and maintenance contracts	176	45	-	117	16	-
- the building construction and decoration contracts	44	-	-	5	-	-
Total	470	333	420	209	63	105

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Contingent liabilities		
- For letters of guarantee issued by banks to guarantee contractual performance	14	1
- For letters of guarantee issued by banks for electricity use and others	64	14
Total	78	15

## 27.2 Litigations

### The Subsidiary

A subsidiary previously had a contingent liability as a defendant in a legal case related to the building construction retention of Baht 14.37 million, for which the subsidiary had already set aside full provision. In October 2009, the subsidiary agreed a compromise settlement with the debtor as part of the bankruptcy procedures of the debtor, whereby a compensatory payment of Baht 14.00 million was made. The outstanding provision was reversed.

## 28. Segment information

The Company and its subsidiaries operate mainly in the hospital business and hospital related business in Thailand. As a result, most of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

## 29. Convertible debentures

On 19 June 2006, the Extraordinary General Meeting of Shareholders' No. 1/2006 of the Company approved for the issue and offer of the name-registered and unsecured convertible debentures with or without debenture holders' representatives/ trustee to the foreign investors (except the investors in United States of America) and/or local institutional investors in foreign currency or equivalent of not exceeding Baht 5,000 million. The maturity date will be not more than 5 years from the issuance date. It has also resolved to authorise the Board of Directors and/or the persons authorised by the Board of Directors to determine or amend the details, procedures, and conditions relating to the issue of the convertible debentures. The proceeds of the convertibles debentures will be used to repay the existing loans to the Company's lenders, being the Company's working capital as well as strengthening the business operation of the Company.

In addition, the Meeting has approved for reduction of the Company's registered capital by cancelling 2,372,308 authorised but unissued shares, at par value of Baht 1 per share, being Baht 2,372,308 from the existing registered capital of Baht 1,183,410,108 to be the new registered capital of Baht 1,181,037,800.

In addition, it has approved for the increase of the Company's registered capital of another Baht 131,226,422 divided into 131,226,422 ordinary shares at the par value of Baht 1 each from the existing registered capital of Baht 1,181,037,800 to be the new registered capital of Baht 1,312,264,222. The new issued ordinary shares will be reserved for conversion of convertible debentures. If there are any remaining shares from the convertible debentures not being exercised or there are any unsubscribed convertible debentures (as the case may be), the Board of Directors shall be authorised to allot and offer those remaining shares in one or several branches from time to time by way of private placement in accordance with the Office of the Securities and Exchange Commission (SEC) Notification No. GorJor.12/2543 regarding the application and permission for offer of new shares. Details of the allotment such as conditions of the offer, subscription period or any other relevant details shall be determined at the discretion of the Board of Directors including the determination of "market price" in accordance with the relevant the Office of the Securities and Exchange Commission (SEC) notification.

The Company has registered the decrease and increase of registered capital with the Ministry of Commerce on 20 and 21 June 2006 respectively.

On 6 July 2006, the Office of the Securities and Exchange Commission has granted the approval for the issue and offer of the convertible debentures. On 12 July 2006, the Company has issued the 5 years convertible debentures, type name-registered and unsecured convertible debentures with debenture holder's representatives trustee, at the coupon rate of 3.75% p.a., for the total number of 124,000 units, at the price of USD 1,000 each, being the amount of USD 124 million or equivalent of Baht 4,731,840,000 (at the fixed exchange rate of Baht 38.16 per USD 1) to the foreign investors outside United States of America for the entire amount. The aforesaid convertible debenture has been approved for listing on the Singapore Exchange Securities Trading Limited. Unless, early redeemed or converted, the

Company will redeem each debentures on 12 July 2011 (the maturity date) at an amount equal to the Baht equivalent principal amount multiplied by 114.41 percent. Prior to the close of business on 12 July 2011, a debenture holder has the conversion right to convert any debenture into the Company's ordinary shares. The conversion price will initially be Baht 36.30 per share (which will be subject to revision and/or adjustment in the manner provided in the condition of the debentures). The convertible debentures are redeemable prior to the maturity date. Early redemption will be subject to the condition of the debentures.

Convertible debentures agreement contains certain covenants which the Company must comply with.

According to the Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentation", the issuer of convertible debentures is required to classify the debentures' liability and equity components and present them separately in the balance sheets. On the issue of debentures, the Company has therefore separated such components, determining the liability component by discounting the stream of future payments of principal and interest at the prevailing market rate. The carrying amount of the equity component, as presented in the balance sheet under the caption of "Convertible Debentures - Equity Component" is determined by deducting the liability component from the total carrying value of the convertible debentures.

The liability component continues to be presented on the amortised cost basis, until conversion or maturity of the debentures. The equity component determined on the issue of the debentures is not changed in subsequent periods if there is no conversion prior to maturity date.

On 11 November 2008, the Extraordinary Meeting of the Board of Directors of the Company No. 1/2008 approved to repurchase convertible debentures. Up to 31 December 2009, the Company has repurchased totaling 36,170 units (2008: 34,170 units) of convertible debentures, with principal amount of approximately USD 36 million (2008: USD 30 million). The Company had total net gain on repurchase of convertible debentures totaling Baht 32.0 million which included the gain incurred in 2009 amount of Baht 2.4 million. The gain on repurchase of convertible debentures has already included gain on exchange rate and other related expenses. As a result of repurchase of convertible debentures, premium on ordinary shares increased by totaling Baht 14.6 million.

On 12 July 2009, the convertible debenture holders exercised put option totaling 28,950 units, amount of Baht 1,188.9 million according to the convertible debenture prospectus. The Company had total net loss on redemption of convertible debentures totaling Baht 7.8 million. As a result of redemption of convertible debentures, premium on ordinary shares increased by totaling Baht 11.7 million.

On 13 July 2009, the Company disclosed the new conversion price from Baht 36.30 per share to Baht 32.67 per share, being effective from 13 July 2009, according to the convertible debenture prospectus.

Up to 31 December 2009, 31,830 units of convertible debentures were converted into 33,460,945 of the Company's ordinary shares, at the conversion price of Baht 36.30 per share. As a result, as of 31 December 2009, the Company's issued share capital increased to 1,214,498,745 shares at Baht 1 each and premium on ordinary shares as a result of such transaction increased by totaling Baht 1,204.5 million.

Movement of convertible debentures and increase in premium on ordinary shares up to 31 December 2009 are summarised below.

	Number of debentures (Unit)	Increase in premium on ordinary shares (Unit: Million Baht)
Convertible debentures		
Issued and offered convertible debentures	124,000	-
Accumulated convertible debentures	(31,830)	1,204.5
Accumulated repurchased debentures	(34,170)	13.8
Balance as at 31 December 2008	58,000	1,218.3
Repurchased debentures during the year	(2,000)	0.8
Redeemed debentures during the year	(28,950)	11.7
Balance of convertible debentures as at 31 December 2009	27,050	1,230.8

### 30. Debentures

On 6 March 2008, the Company had issued unsecured and unsubordinated debentures with a name-registered debenture certificate for the total number of 5,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 5,000 million. This debentures is divided into two tranches: 3-year tenor for the amount of Baht 3,000 million at the coupon rate of 4.11% per annum and 5-year tenor for the amount of Baht 2,000 million at the coupon rate of 4.84% per annum with interest payable semi-annually.

On 4 June 2009, the Company had issued unsecured and unsubordinated debentures with a name-registered debenture certificate for the total number of 3,000,000 units, at the price of Baht 1,000 per unit, totaling Baht 3,000 million. These debentures are divided into two tranches: 5-year tenor for the amount of Baht 2,000 million at the coupon rate of 4.80% per annum and 7-year tenor for the amount of Baht 1,000 million at the coupon rate of 5.35% per annum with interest payable semi-annually. Up to 31 December 2009, the Company had repurchased such debentures for amount of 30,000 units, totaling Baht 30 million.

Debenture agreement contains certain covenants which the Company must comply with such as financial ratios, payment of dividend and assets dispositions, etc.

### 31. Corporate income tax

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Corporate income tax for the year	586.2	91.7
Less : Reversal of overrecorded corporate income tax payable in 2008	(39.3)	(39.3)
Net corporate income tax for the year	546.9	52.4

### 32. Financial instruments

The Company and its subsidiaries, financial instrument as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally comprise financial assets and liabilities as mentioned in Note 4.16 to financial statements. The financial risks associated with these financial instruments and how they are managed is described below.

#### 32.1 Financial risk management

The Company and its subsidiaries are exposed to risk arising from changes in market interest rates and foreign currency exchange rates, and from nonperformance of contractual obligation by counterparties in the future. Its subsidiaries do not use derivative instruments, while the Company uses derivative instruments as and when they consider appropriate, to manage such risks. They do not hold or issue derivative financial instruments for speculative or trading purposes.

#### 32.2 Interest rate risk

The Company and its subsidiaries are exposed to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term loans, long-term loans, convertible debentures and debentures. However, most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate and the Company will enter into interest rate swap contract to reduce this risk as appropriate.

The long-term loans, convertible debentures and debentures were presented in note 19, 29, and 30 respectively.

### Interest rate swap contract

Interest rate swap contract is entered into to manage exposure to fluctuations in interest rate.

On 15 September 2008, the Company entered into a five-year interest rate swap contract with a financial institution by converting floating rate based on Fixed Deposit Rate plus 2% per annum to fixed interest rate 5.5% per annum on the long-term loan balance.

The net fair value of interest rate swap contract at the balance sheet date was:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(Unit: Million Baht)			
Fair value of interest rate swap contract (liabilities)	(99.9)	(193.8)	(99.9)	(193.8)

Fair value of interest rate swap contract has been calculated using rate quoted by the Company's banker as if the contract was terminated at the balance sheet date.

Significant financial assets and liabilities as at 31 December 2009 classified by type of interest rates are summarised in the table below.

	Consolidated financial statements					
	Fixed interest rates			Floating interest rate	Non-interest bearing	
	Within 1 year	1-5 years	Over 5 years		Total	
<b>Financial Assets</b>						
- Cash and cash equivalent	797	-	-	1,081	8	1,886
- Short-term investments	1,202	-	-	-	-	1,202
- Trade accounts receivable	-	-	-	-	1,551	1,551
- Restricted bank deposit	16	-	-	-	-	16
- Investments	-	500	-	-	3,072	3,572
	2,015	500	-	1,081	4,631	8,227
<b>Financial liabilities</b>						
- Bank overdrafts and short-term loans from financial institution	-	-	-	33	-	33
- Trade accounts payable	-	-	-	-	1,041	1,041
- Long-term loans	14	13	2	2,941	-	2,970
- Liabilities under finance lease agreements	80	94	-	-	-	174
- Convertible debentures	-	1,118	-	-	-	1,118
- Debentures	-	6,962	998	-	-	7,960
	94	8,187	1,000	2,974	1,041	13,296



(Unit: Million Baht)

	Separate financial statements					1
	Fixed interest rates			Floating interest rate	Non-interest bearing	
	Within 1 year	1-5 years	Over 5 years			
<b>Financial Assets</b>						
- Cash and cash equivalent	700	-	-	430	2	1,132
- Short-term investments	1,200	-	-	-	-	1,200
- Trade accounts receivable	-	-	-	-	537	537
- Short-term loans to related parties	209	-	-	-	-	209
- Long-term loans to related parties	887	1,758	142	-	-	2,787
- Investments	-	500	-	-	10,491	10,991
	2,996	2,258	142	430	11,030	16,856
<b>Financial liabilities</b>						
- Trade accounts payable	-	-	-	-	375	375
- Short-term loans from related parties	623	-	-	-	-	623
- Long-term loans	-	-	-	2,808	-	2,808
- Liabilities under finance lease agreements	1	2	-	-	-	3
- Convertible debentures	-	1,118	-	-	-	1,118
- Debentures	-	6,962	998	-	-	7,960
	624	8,082	998	2,808	375	12,887

### 32.3 Foreign currency risk

The Company and its subsidiaries are exposed to foreign currency risk arises mainly from purchase of medical tools and equipment transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

### Forward exchange contract

As at 31 December 2009, there was outstanding forward exchange contract as follows:

Foreign currency	Amount bought	Contractual exchange rate for amount bought	Fair value of forward contract
	(Million)	(Baht per foreign currency unit)	
US Dollar	2.88	33.5410 - 33.6270	33.3794 - 33.4669

### 32.4 Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans, bill of exchange and other receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses.

In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and other receivables as stated in the balance sheet.

### **32.5 Fair values of financial instruments**

Since the majority of the Company's and its subsidiaries' financial instruments bear floating interest rates or fixed interest rates which are close to market rate, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

## **33. Capital management**

The primary objectives of the Group's capital management are to ensure that they have an appropriate financial structure and preserves the ability to continue their business as a going concern.

According to the balance sheet as at 31 December 2009, the Group's debt-to-equity ratio was 1.1 :1.0 (2008: 1.2 :1.0) and the Company only was 1.6 :1.0 (2008: 1.5 :1.0).

## **34. Change in accounting estimate**

As mentioned in Note 4.6 about the change in accounting estimate of useful lives of buildings has resulted in a decrease in the depreciation of buildings. The effect to the consolidated and separate financial statements has been to increase total assets as at 31 December 2009 by approximately Baht 37.6 million and Baht 9.2 million respectively and increase net income for the year then ended by the same amounts, or Baht 0.03 per share and Baht 0.01 per share, per the consolidated and separate financial statements, respectively.

However, for tax computation purpose, the Company and the subsidiary companies still maintain the previous useful lives.

## **35. Reclassification**

Certain amounts in the financial statements for the year ended 31 December 2008 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<b>Balance Sheets</b>				
Other non- current assets - leasehold rights - net	579,702,143	544,540,488	-	-
Other non - current assets - others - net	73,579,332	108,740,987	-	-
Other current payable - unrelated parties	428,607,137	-	154,551,711	-
Other current liabilities	317,954,851	823,004,136	127,489,068	282,040,779
Other non-current liabilities	100,521,261	24,079,113	-	-
<b>Income Statements</b>				
Cost of hospital operations and sales	12,048,162,509	11,878,233,237	3,884,345,309	3,817,094,021
Administrative expenses	4,509,948,343	4,732,138,223	1,824,955,040	1,943,544,247
Depreciation and amortization expenses	2,169,880,348	2,168,957,659	-	-
Management benefit expenses	51,337,919	-	51,337,919	-

### 36. Approval of financial statements

These financial statements have been authorised for issue by the Company's Board of Directors on 24 February 2010.





Bangkok Dusit Medical Services

BANGKOK DUSIT MEDICAL SERVICES Public Company Limited

2 Soi Soonvijai 7 New Phetchburi Rd., Bangkok, Thailand 10310

Tel. 66-2310-3000 Fax. 66-2318-1546 [www.bangkokhospital.com](http://www.bangkokhospital.com)