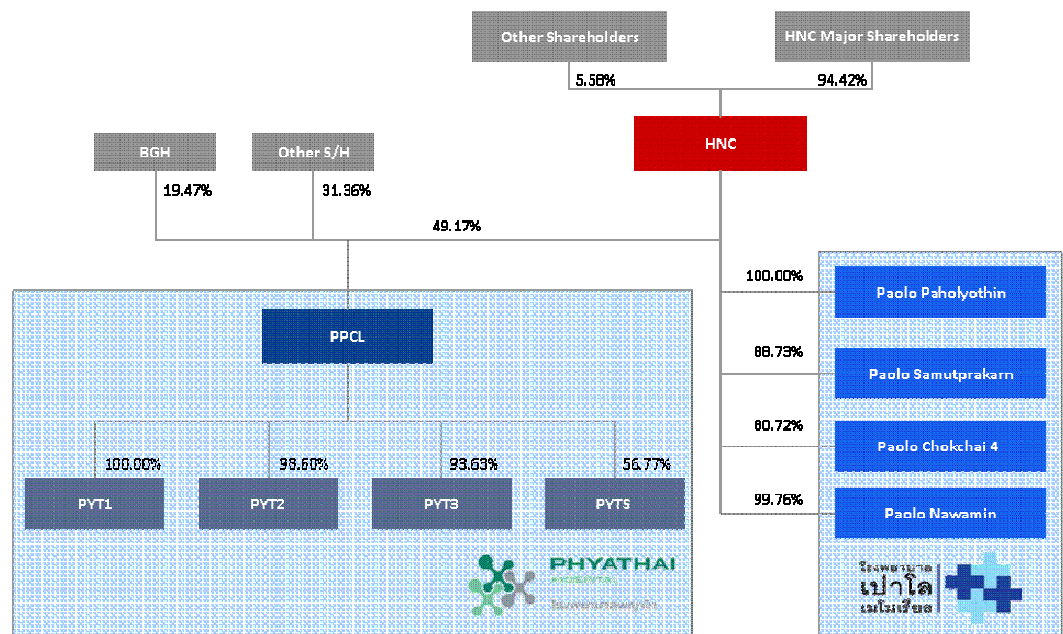


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Merger Between BDMS & Health Network



STRUCTURE & SHAREHOLDING OF HEALTH NETWORK

The meeting of Board of Directors (Extraordinary Meeting) of Bangkok Dusit Medical Services Public Company Limited on 14 December 2010 passed resolutions summarized as follows:-

- ◆ Merging with Health Network Public Company Limited (HNC). Hospitals under HNC are as follows:-
 - ◆ 4 hospitals under Phyathai Brand. **The Phyathai Hospital Group**, which has Prasit Patana Public Company Limited as the major shareholder, consists of Phyathai 1 Hospital Company Limited, Phyathai 2 Hospital Company Limited, Phyathai 3 Hospital Company Limited and Sriracha Nakhon Hospital Public Company Limited
 - ◆ 4 hospitals under Paolo Brand. **The Paolo Memorial Hospital Group** consists of Paolo Medic Hospital Company Limited (Paolo Memorial Hospital Phaholyothin), Paolo Samutprakarn Company Limited (Paolo Memorial Hospital, Samutprakarn), Siam Medical Company Limited (Paolo Memorial Hospital Chokchai 4) and Thai Medical Centre Public Company Limited (Paolo Memorial Hospital Nawamin)

Merger Between BDMS & Health Network (Cont')

- ◆ **Transaction Value of no more than Bt 12,121 mm** (Transaction Size of no more than Bt 12,551 mm) comprising of
 1. Entire Business Transfer (EBT) from HNC with total value of Bt.9,395 mm (Transaction Size of Bt 9,825 mm)
 - ◆ BGH to offer no more than 230,870,405 newly issued shares as consideration at Bt 37.75 per share or equivalent to Bt 8,715 mm and Bt 680 mm as cash consideration with total transaction value of Bt 9,395 mm
 - ◆ Accepting the transfer of Bt 430 mm intercompany loan from HNC (Does not impact valuation as the creditor of such loan is among the company to be transferred under EBT)
 - ◆ Private Placement to HNC major shareholders for no more than 4,127,864 shares at Bt 37.75 per share or equivalent to Bt 156 mm
 - ◆ Net cash to be used in the transaction after PP is Bt 524 mm
 - ◆ Total number of newly issued shares is 234,998,269 shares
 2. Tender Offer for shares held by minority shareholders of Prasit Patana Public Company Limited (PPCL) with total value of Bt 2,726 mm
 - ◆ If only cash is used as consideration, will require Bt 2,726 mm
 - ◆ If only share is used as consideration, will require 72,198,801 newly issued shares at Bt 37.75 per share

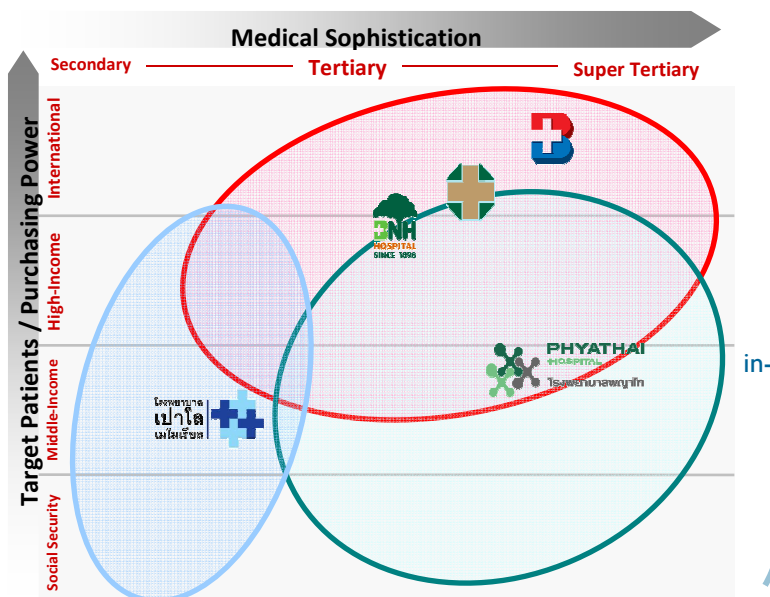
Impact to shareholders

- ◆ Newly issued shares of **no more than 307,197,070 shares** for the whole transaction
- ◆ Resulting in control dilution of 15.9% for the case where only cash is used as consideration and 19.8% for the case where only share is used for consideration for the Tender Offer
- ◆ As valuation is conducted based on valuation multiples that are lower than BGH's trading multiples, the transaction will result in earnings accretion of 23.0% in case of cash only and 19.2% in case of share only

Transaction Rational

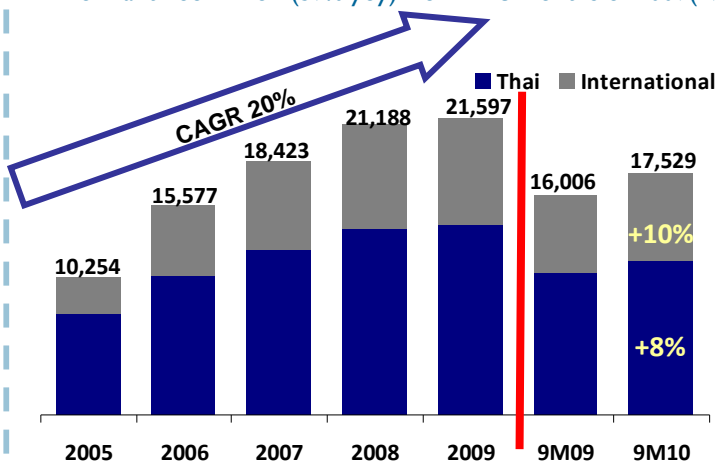
- ◆ Addition of 2 new & well recognized hospital brands to the Group
- ◆ Increase diversification of patient mix
- ◆ Enhanced market share and extensive coverage
- ◆ Entry into new market opportunities in civil servant healthcare
- ◆ Synergy creation from shared service functions
- ◆ Cooperation of highly experienced personnel including senior management, doctors, nurses and other employees

For more information and details , please visit our website at www.bangkokhospital.com



9M10 Performance Highlights

For nine months of 2010 ("9M10"), the Company recorded a consolidated net profit of Baht 1,803 million; an increase of Baht 488 million (37% yoy) from nine months of 2009 ("9M09"). The summarized performance is as follows:-



◆ Total operating income for 9M10 were Baht 17,818 million, an increase of Baht 1,564 million or 10% from 9M09 due mainly to the growth in revenue from international patients which, during this period, grew 10% yoy while Thai patients grew 8% yoy resulting in revenue proportion between Thai and international patients to be approximately 64%:36% in 9M10. From type of patients, inpatient revenues grew by 11% yoy while the outpatient revenues increased by 7% yoy.

- ◆ The Company and its subsidiaries reported cost of hospital operations of Baht 10,028 million in 9M10, an increase by 9% yoy. Since the revenue from hospital operations grew at the faster pace than cost of hospital operations, the gross margin increased from 42.3% in 9M09 to 42.8% in 9M10.
- ◆ The administrative and management benefit expenses were Baht 3,488 million in 9M10, an increase by 7% yoy. However, administrative expenses grew at the slower pace than revenue from hospital operations as a result of the continued cost containment measures including optimizing labor productivity and maximizing synergy benefits among network of hospitals. EBITDA, therefore, increased from Baht 3,766 million in 9M09 to Baht 4,301 million in 9M10, grew by 14% yoy. While the EBITDA margin increased from 23.2% in 9M09 to 24.1% in 9M10.
- ◆ The depreciation and amortization expenses were Baht 1,603 million in 9M10, a decrease by 7% yoy due mainly to the change in estimated useful lives for partial buildings from 20 years and 50 years to 40 years to reflect the actual remaining useful lives since October 2009.
- ◆ Interest income was Baht 39 million, increased by 83% yoy as a result of an increase in short-term investments.
- ◆ Share of income from investments in associated companies was Baht 224 million, increased by 57% yoy due mainly to an increase in share of income from investment in Ramkhamhaeng Hospital Public Co., Ltd.
- ◆ Other items: - Finance expenses decreased to Baht 460 million or decreased by 6% yoy due mainly to repayment of long-term loans from financial institution and redemption of convertible debentures in 3Q09.
- ◆ Taxes in 9M10 were Baht 632 million, an increase from Baht 359 million in 9M09 due mainly to an increase in pre-tax profit together with tax calculation adjustment during 9M09 for the year 2008 totaling Baht 39 million.

As a result, the Company and its subsidiaries recorded a consolidated net profit of 1,803 million; an increase of Baht 488 million, or 37% yoy. Net profit margin increased from 8.0% in 9M09 to 10.0% in 9M10 and the basic earnings per share increased from Baht 1.08 in 9M09 to Baht 1.48 in 9M10 or increased by 37%.

Summary of the Balance Sheets

(Unit : THB mm)	Sep-10	Dec-09	Chg %
Total Assets	31,257	30,359	3%
Total Liabilities	15,635	15,612	0%
Total equity attributable to company's shareholders	14,986	14,151	6%
Total shareholders' equity	15,622	14,747	6%

- ◆ The consolidated financial position of the Company and its subsidiaries as of September 30, 2010 : The Company and its subsidiaries had total assets of Baht 31,257 million, an increase of Baht 898 million due mainly to an increase in short-term investments
- ◆ Total consolidated liabilities as of September 30, 2010 were Baht 15,635 million, an increase of Baht 23 million from the year ended 2009. Total debt to equity as of September 30, 2010 remain unchanged from the year ended 2009 at 0.8x while net debt to equity decreased from 0.7x as of year ended 2009 to 0.6x as of September 30, 2010
- ◆ Total consolidated shareholders' equity (excluding equity attributable to minority shareholders of subsidiaries) were Baht 14,986 million, increased by Baht 835 million from the year ended 2009. This is due mainly to the net profit of 9M10 netted with the dividend payment of Baht 850 million

Analyst Presentation



After the announcement of the merger between BDMS and Health Network (HNC), BDMS hosted the Analyst lunch meeting at the Four Seasons Hotel, Bangkok on December 15, 2010. The meeting provided the investment community an opportunity to address any questions or comment to BDMS and HNC management. Participants included Khun Wallop Adhikomprapa, BDMS Director and Executive Advisor, Khun Narumol Noi-Am, BDMS CFO, Khun Paiboon Fuengfuskul, HNC CFO and Ajaya Intaraprasong, BDMS Finance Director, Investor Relations.

Presentation material also posted on our website at www.bangkokhospital.com under investor relations

Rating Update

On December 17, 2010, TRIS Rating affirms the company and issue ratings of Bangkok Dusit Medical Services PLC (BGH) at “A”. The ratings outlook for BGH is revised to “positive” from “stable”. The rating actions follow BGH’s announcement on 14 December 2010 that it has agreed to acquire Health Network PLC (HNC), the major shareholder of the Phyathai Hospital Group and the Paolo Memorial Hospital Group. The acquisition will be completed through a share swap. The “positive” outlook for BGH reflects its improving financial profile, increased diversification of its customer base, and the potential cost savings derived from the HNC transaction.

Company Rating	A
Issue Rating	
Baht 3,000 million senior debentures due 2011	A
Baht 2,000 million senior debentures due 2013	A
Baht 2,000 million senior debentures due 2014	A
Baht 1,000 million senior debentures due 2016	A
Rating Outlook	Positive

Rating Outlook

The “positive” outlook reflects the improving operating performance and financial profile of BGH. Based on its past track record of successful acquisitions, TRIS Rating believes the company will have a smooth transition, without incurring costs or capital expenditures higher than expected. BGH’s ratings could be upgraded if BGH can keep the operation of each hospital under control and successfully integrate the hospitals under the HNC Group’s umbrella. Alternatively, any deterioration in financial performance or a higher-than-expected rise in leverage would negatively impact its ratings or outlook. *For further details, please refer to www.trisrating.com*



Thailand



Overseas



Bangkok Dusit Medical Services Public Company Limited (SET Symbol : BGH) is the largest private hospital operator in Thailand in terms of patient services revenue and market capitalization with approximately THB 30.3 billion in assets as of December 2009. Bangkok Dusit Medical Services Public Company Limited ("BDMS") has 17 hospitals in Thailand and 2 hospitals in Cambodia. BDMS is focused on Bangkok and various high-growth markets in the Southern and Eastern regions of Thailand and overseas locations. The Company is committed to be the leading network healthcare provider by meeting the needs of Thai and foreign patients with high quality, internationally-accepted standards, and value for money services together with the state-of-the art medical technology.

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