



Annual Report 2010

**Bumrungrad**  
International



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# Message from the Chairman

In 2010 Bumrungrad celebrated 30 years serving the healthcare needs of our community. Since the hospital opened its doors in 1980, the community we serve has grown from a small number in Bangkok to millions of patients from nearly every country in the world. How we serve this community has evolved as new techniques and technologies transform the way healthcare is delivered. The results of this service — in lives saved, lives extended, and quality of life improved — inspire us to work hard and continue to improve what we do.

It should not diminish the contributions of all our people to say that our physicians are at the core of what we do and the characteristic that most distinguishes us. Comfortable facilities and modern medical equipment can be built or bought by any healthcare provider willing to invest. New staff can be added and trained. But there will always be a limited supply of the best doctors. Attracting such doctors and giving them a conducive environment in which to care for their patients has always been one of our defining goals, because in our view, a hospital is only as good as the doctors who work there.

In 2010 the strength of the company was evidenced by its ability to again increase revenue from operations, despite political instability in Thailand and increased



competition abroad. However, I prefer to measure our strength in the quality of physicians who choose to join us. Over 1,200 doctors now work full or part-time at our campus in Bangkok. They include many of the top specialists in Thailand — doctors who not only serve our patients, but also teach other doctors and medical students from Thailand, Europe, and America. A few are featured in the pages that follow. We are grateful for their hands and their hearts, which help us care for our community so well.

A handwritten signature in black ink, which appears to read 'chai sophonpanich'.

Mr. Chai Sophonpanich  
Chairman

# Message from the Corporate CEO

**B**umrungrad's ability to grow operating revenue again in 2010 reflected the enduring value of a simple formula: attract and retain the best doctors; nurture your people; satisfy your patients; and continually improve what you do.

The challenge for management is to both preserve this successful formula and interpret how it applies to changing market conditions. From 1997 through the middle of the last decade, we focused on serving the needs of more international patients. This strategy was effective when the Thai economy was suffering from the Asian financial crisis, and later, as our competitive edge in the medical travel market generated organic, double-digit volume growth.

More recently, we shifted to a balanced focus on Thai and international patients. A diversified patient portfolio better insulates us against the effects of economic, political, and event-driven challenges that are beyond our control.

A new decade brings new market conditions that require new strategies. Looking forward, we believe our medical travel growth comes increasingly from markets within an eight hour flight. We believe Asia will continue to have strong economic growth thereby increasing disposable income that will be used for private healthcare. Our international patient strategy will focus on continually improving our services to the many attractive markets within this growth-oriented geography.

Competition for Thai patients has always been strong. In the past we have favored a strategy focusing on a single, large center of excellence. This helped us attract the most accomplished doctors, who prefer working at a central campus with their peers rather than at smaller branch hospitals. However, both private and public hospitals continue to invest and improve, giving



This is more and better healthcare options close to home. We are reviewing our strategies to compete not only on quality, but also on convenience.

In 2010 we continued our focus on recruiting doctors, investing in technology, and attracting patients for the most critical medical specialties. Independent research confirmed that Bumrungrad enjoys an unsurpassed reputation among top private hospitals in Thailand for treatment of cancer, heart and spine cases. Our physician satisfaction — also measured by independent researchers — ranks among the top hospitals worldwide.

Create an environment for the best doctors and they will attract patients. This formula has served us well as both a mission and a business. It has created a powerful Asian brand that stands for medical excellence and patient service. We will seek continued growth in changing and challenging markets, leveraging the strengths of our brand, our doctors, and our experienced staff. We believe this formula will continue to open the doors to many new opportunities.

Mr. Dennis Brown  
Corporate CEO



## Experience and expertise

Ensuring patients receive the highest quality of care is the responsibility of Dr. Chamaree Chuapetcharasopon, Bumrungrad's Medical Director. She herself is an accomplished radiologist, with advanced training at the world famous MD Anderson Cancer Center in Houston. She leads Bumrungrad's team of over 1,200 full and part-time physicians.

"Bumrungrad devotes significant resources to our medical professionals," Dr. Chamaree says. "Our credentialing process includes frequent reviews during recruitment, then during a doctor's first year, and every three years thereafter."

Bumrungrad's reputation attracts doctors with outstanding qualifications and unique capabilities. "We also sponsor continuing education programs for our doctors, and provide opportunities for them to conduct research through our Clinical Research Center," notes Dr. Chamaree.

The following pages highlight the work of six Bumrungrad physicians who lead some of the hospital's most important medical specialties.



# Thailand's expert in liver transplantation

## Dr. Rujapong Sukhabote

Gastroenterology and Hepatology  
Chairperson, Department of Gastroenterology  
and Hepatology, Bumrungrad International

**D**r. Rujapong is an experienced specialist in gastroenterology and hepatology whose international experience includes US board certification and fellowships in the US and Canada.

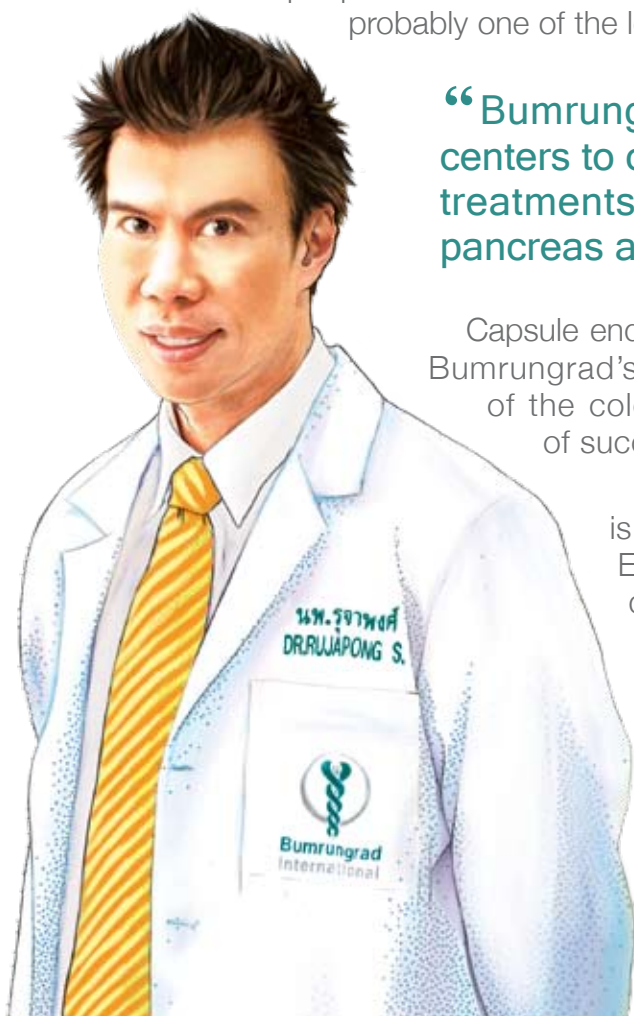
As Chairperson of Bumrungrad's Department of Gastroenterology and Hepatology, he leads the Digestive Disease Center, one of the hospital's largest specialty centers, handling all gastro-intestinal (GI) and liver-related illnesses. In 2009, the center accounted for more than 50,000 patient visits, making it one of the largest centers of its kind in Thailand.

"We can treat all GI-related diseases — we are a real tertiary care center," says Dr. Rujapong. "Before we could become a 'center,' we had to be sure we had the capability to treat everything — both in terms of equipment and in training our people — without the need to refer anywhere else. Right now, we are probably one of the leading centers for liver transplantation surgery."

**"Bumrungrad is one of the few medical centers to offer Endoscopic Ultrasound (EUS) treatments for deeper organs such as the pancreas and lymph nodes."**

Capsule endoscopy is a relatively new technology used by Bumrungrad's GI specialists for detecting the pathology of the colon and small intestine, with very high rates of success.

Bumrungrad's Digestive Disease Center is also one of the few medical centers to offer Endoscopic Ultrasound (EUS) treatments for deeper organs such as the pancreas and lymph nodes. EUS is an advanced procedure which allows a doctor to examine the lining and walls of the upper and lower gastrointestinal tract, without the need for major surgery. ■





# Leading the country's first internationally recognized stroke program

## Dr. Roekchai Tulyapronchote

Neurology  
Chairperson, Department of Medicine  
Chief of Neurology Section, Bumrungrad International

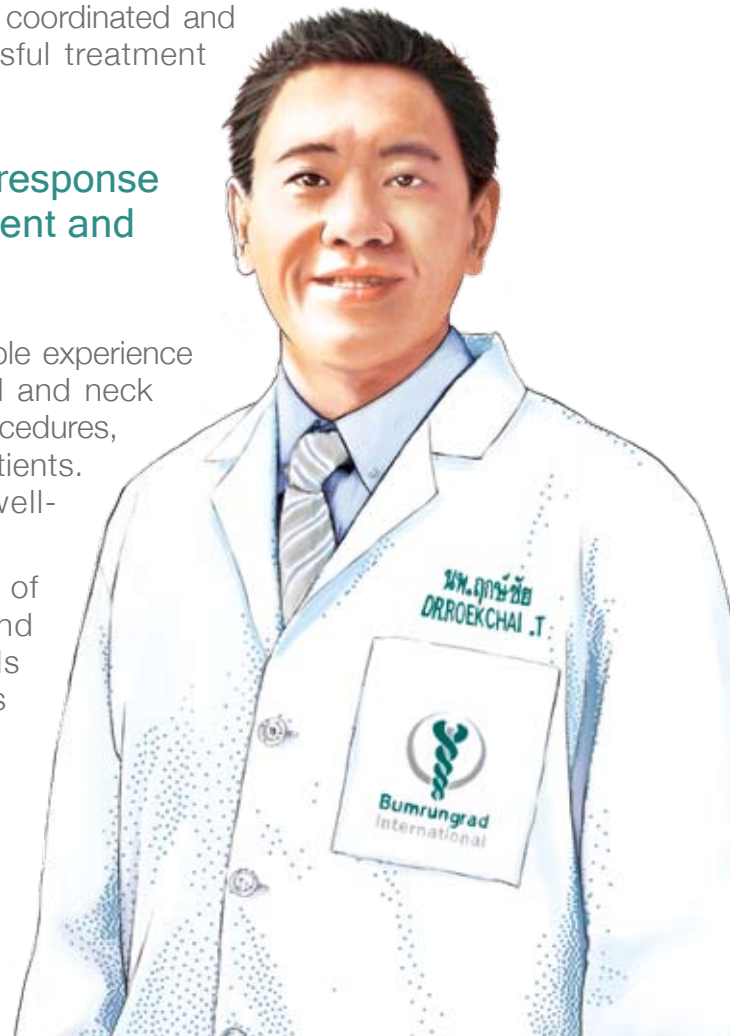
**D**r. Roekchai is an experienced neurologist with specialized training from respected medical institutions in Thailand and the US. During nearly 25 years of practicing medicine, he has earned three board certifications in neurology in the US and Thailand and has served two fellowships in the US, for stroke and cardiovascular medicine.

He leads Bumrungrad's JCI-accredited stroke program, which treats a wide variety of vascular disorders of the brain and spinal cord. The center has an impressive range of state-of-the-art diagnostic and therapeutic equipment and facilities, plus a high-caliber team of medical specialists and support staff who can quickly coordinate and begin a care program from the initial contact with the patient. Fast, coordinated and effective response is critical to the successful treatment and recovery of stroke patients.

**“Fast, coordinated and effective response is critical to the successful treatment and recovery of stroke patients.”**

Bumrungrad's stroke team has considerable experience treating narrowed blood vessels in the head and neck region using advanced balloon and stent procedures, offering significant advantages for many patients. Their success requires the expertise of well-trained, experienced specialists.

Dr. Roekchai believes the combination of facilities, experience, highly-trained staff and adherence to strict international standards allows the hospital to deliver a level of care as good as any in the region. ■



# One of the country's top specialists in advanced cancer treatment

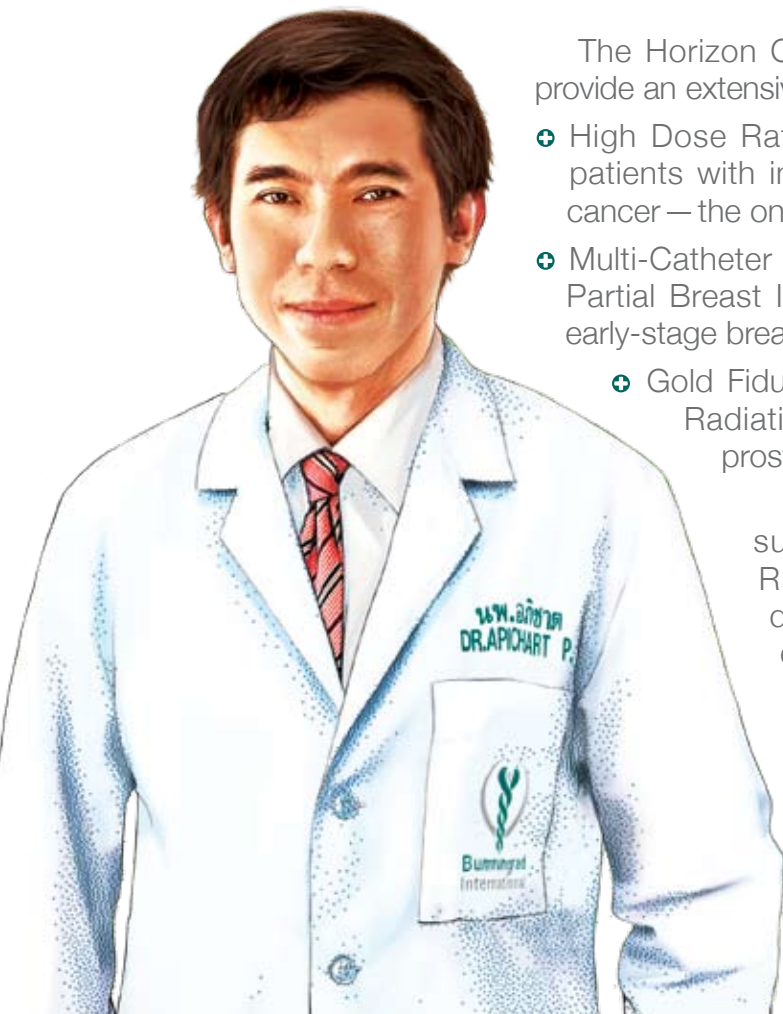
## Dr. Apichart Panichevaluk

Radiation Oncologist and Brachytherapist  
Horizon Cancer Center, Bumrungrad International

**D**r. Apichart reports that each year, he and his colleagues at Bumrungrad's Horizon Cancer Center Radiation Oncology department treat nearly 500 new cancer patients. Teams of doctors across a range of medical specialties work closely together to assess the potential treatment options and develop an optimal treatment plan for each patient.

Radiation Oncology is used to treat a number of types of cancer, including breast, lung, prostate, uterine, nasopharyngeal and cervical cancer. In addition, specialized Brachytherapy treatment is provided for patients with breast and prostate cancer.

**“Close teamwork ensures that every patient receives the best possible care and treatment.”**



The Horizon Cancer Center also has the capability to provide an extensive range of advanced treatments, including:

- ⊕ High Dose Rate Interstitial Brachytherapy for treating patients with intermediate, high risk, localized prostate cancer — the only such capability in Thailand;
- ⊕ Multi-Catheter Interstitial Brachytherapy for accelerated Partial Breast Irradiation (APBI), a treatment for certain early-stage breast cancer patients; and
- ⊕ Gold Fiducial Marker Placement for Image-Guided Radiation Therapy, used for low-risk, localized prostate cancer patients.

Dr. Apichart credits much of the overall success of the Horizon Cancer Center's Radiation Oncology and Brachytherapy department to the close teamwork that ensures that every patient receives the best possible care and treatment. ■

# Leading an innovative team approach to treat diabetes

## Dr. Varaphon Vongthavaravat

Endocrinology, Diabetes and Metabolism  
Chief of Endocrinology Section  
Bumrungrad International

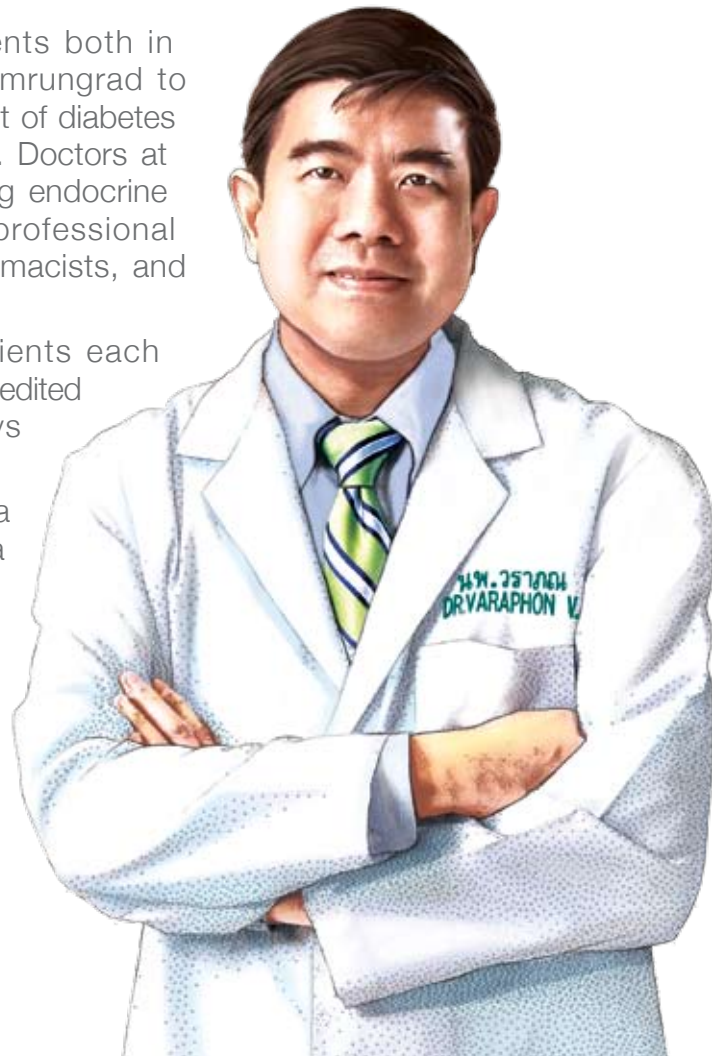
In Thailand, nearly ten percent of the adult population suffers from diabetes, a debilitating chronic disease of the endocrine (hormonal) system that can seriously impact a patient's quality of life. Dr. Varaphon, who leads Bumrungrad's Endocrinology Section, attributes the rising number of diabetes patients in Thailand primarily to lifestyle changes in recent years. "High-calorie, sweet diets, fat-rich foods and sedentary lifestyles with little exercise can all lead to diabetes," he notes.

**“Currently we treat around 2,500 patients each month, and we are one of the very few JCI-accredited diabetes-specific clinics in the world.”**

The growing number of diabetic patients both in Thailand and from overseas prompted Bumrungrad to establish a center specifically for the treatment of diabetes and other diseases of the endocrine system. Doctors at the center have extensive experience treating endocrine disorders, and they are supported by a professional team of specialist nurses, nutritionists, pharmacists, and physical therapists.

“Currently we treat around 2,500 patients each month, and we are one of the very few JCI-accredited diabetes-specific clinics in the world,” says Dr. Varaphon.

The center's extensive facilities include a diabetes clinic, classes and education room, a hyperbaric oxygen chamber for diabetic foot patients, insulin pump, and treatment facilities for other hormonal disorders such as thyroid disease, metabolic syndrome and obesity. The center also offers laparoscopic gastric banding and gastric bypass surgery for treating severe, morbidly-obese patients. ■



# Pioneering endoscopic spinal surgery in Asia

Dr. Verapan Kuansongtham

Neurosurgery  
Director, Spine Specialists Center  
Bumrungrad International

**D**r. Verapan is a leading neurosurgeon and Director of Bumrungrad's Spine Specialists Center. He is one of the world's foremost experts in endoscopic spinal surgery, a new minimally-invasive technique for treating lumbar and cervical disorders such as herniated discs and lateral lumbar stenosis.

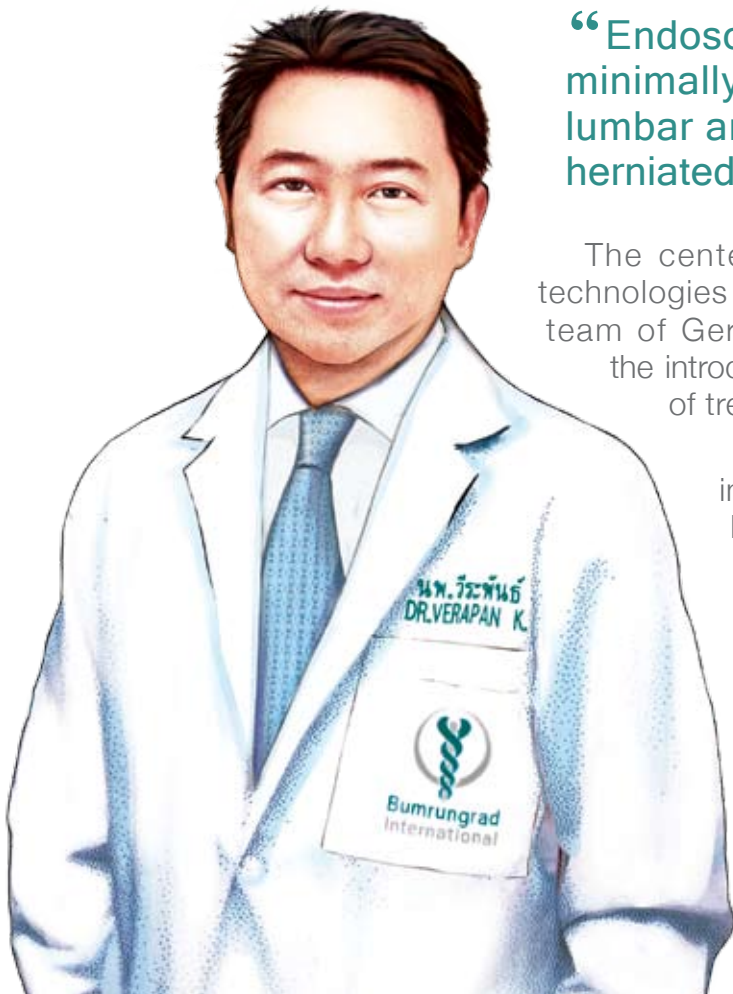
The center treats patients with ailments of the neck and back, including patients with acute pain, chronic pain sufferers seeking specific treatments to improve their quality of life, and those needing some form of surgery. "I had the idea to develop a center in Asia for endoscopic spinal surgery after meeting Dr. Sebastian Ruetten — developer of the technique — in Germany," says Dr. Verapan.

Dr. Verapan also teaches the procedure to doctors from all over the world. "We conduct workshops in endoscopic spinal surgery four times a year — twice in Germany and twice in Bangkok. The two-day workshops teach around 40 surgeons with lectures and video-link operations."

**“Endoscopic spinal surgery is a new minimally-invasive technique for treating lumbar and cervical disorders such as herniated discs and lateral lumbar stenosis.”**

The center is at the leading edge of advanced technologies and techniques. Its collaboration with a team of German specialists recently culminated in the introduction of a new, larger endoscope capable of treating central lumbar stenosis.

Two other new treatments have been introduced in recent months; the Vertebral Body Stenting System treats osteoporosis and vertebral collapse in older patients, while Cervical Disc Replacement offers patients suffering long-term neck pain a new option for eliminating pain and restoring mobility. ■





# World-class cardiac care and a good heart for Thai children

## Dr. Visuit Vivekaphirat

Cardiology  
Chairperson, Department of Cardiovascular  
Disease, Bumrungrad International

**T**he Heart Center at Bumrungrad International was the first medical facility in Thailand to earn international accreditation for Myocardial Infarction (heart attack) treatment. As one of the country's leading cardiologists, Dr. Visuit attributes this accreditation to many years of preparation and dedication to creating a world-class Heart Center offering every available treatment for patients with cardiovascular disease.

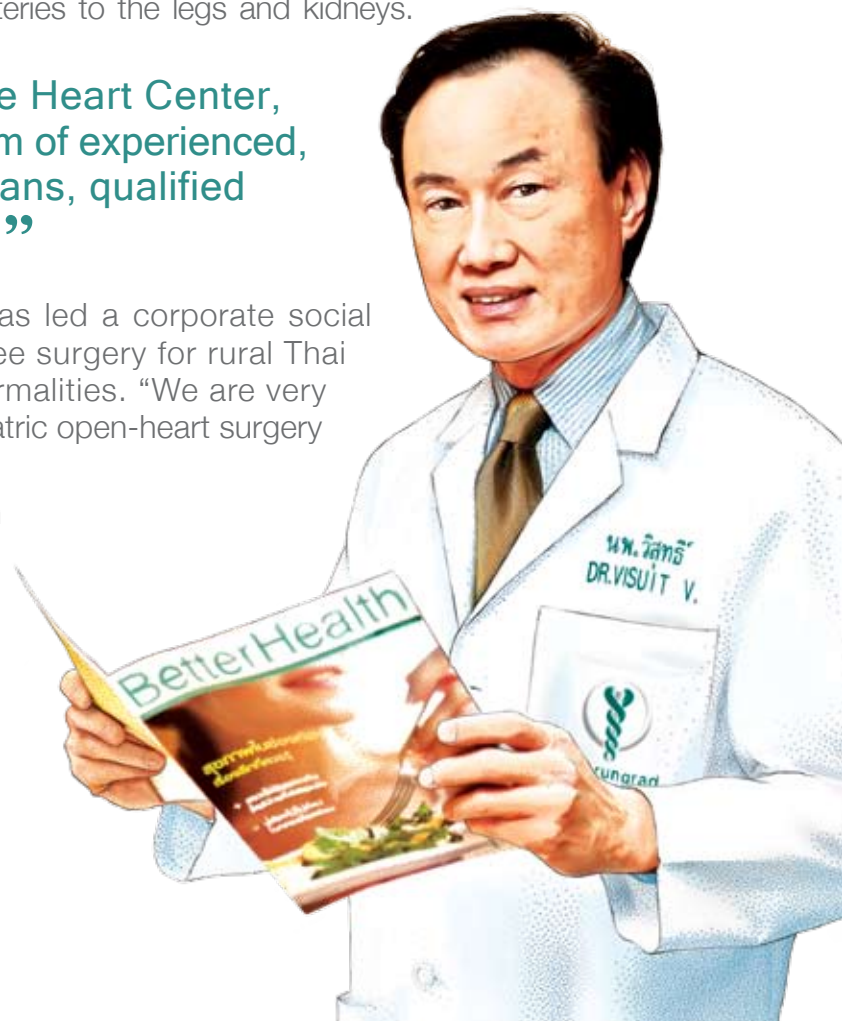
"Before establishing the Heart Center, we first had to improve our entire program by building a team of experienced, overseas-trained physicians, qualified paramedics and nurses, and investing heavily in new equipment, such as a 24-hour emergency cardiac intervention system," he reports.

The Heart Center accepts around 40,000 patient visits annually and performs nearly 1,400 surgical and interventional procedures. Several new treatments and innovative technologies are available, including carotid artery stenting for stroke patients, and stenting of the arteries to the legs and kidneys.

**"Before establishing the Heart Center, we first had to build a team of experienced, overseas-trained physicians, qualified paramedics and nurses."**

Since 2003, the Heart Center has led a corporate social responsibility program to provide free surgery for rural Thai children with congenital heart abnormalities. "We are very proud of this program to provide pediatric open-heart surgery for Thai children," says Dr. Visuit.

Now in its eighth year, the program has provided surgeries for over 500 children. Program costs are absorbed by Bumrungrad International with support from the government's health care program. ■



# Financial Information

# Financial Highlights

	2010	2009	2008	2007	2006
<b>Financial Performance (Baht '000)</b>					
Total Current Assets	1,854,947	1,331,835	1,141,576	1,410,552	1,629,054
Total Assets	9,151,678	8,566,992	8,104,244	7,459,163	6,622,894
Total Current Liabilities	1,652,241	1,664,381	2,122,861	1,774,840	1,571,898
Total Liabilities	3,082,241	3,094,381	3,238,883	3,110,141	2,994,347
Total Shareholders' Equity	6,069,436	5,472,611	4,865,361	4,349,023	3,628,547
Total Revenues	10,068,959	9,337,856	8,881,829	8,558,735	7,887,754
Share of Income from Investments in Joint Venture and Associated Companies – net	(34,927)	47,244	43,248	854,388	7,764
Net Earnings before Extraordinary Items	1,321,413	1,245,648	1,191,047	1,144,715	1,095,702
Net Earnings for the Year	1,258,495	1,245,648	1,191,047	1,603,258	1,095,702
Basic Earnings per Share	1.73	1.71	1.64	2.20	1.51
Earnings per Share – Fully Diluted	1.45	1.44	1.37	1.85	1.26
Book Value per Share	8.33	7.51	6.68	5.97	4.51
Book Value per Share – Fully Diluted	7.00	6.31	5.61	5.01	3.79
Dividend per Share	0.90	0.85	0.80	0.80	0.75
<b>Financial Ratios</b>					
Gross Profit Margin (%)	39.4	38.8	38.3	38.5	37.6
EBITDA Margin (%)	24.4	24.2	24.3	24.2	24.7
Profit Margin Excluding Extraordinary Items (%)	13.1	13.3	13.3	13.3	13.9
Net Profit Margin (%)	12.5	13.3	13.3	17.0	13.9
Growth on Sales from Hospital Operations (%)	8.1	5.1	3.7	8.8	15.1
Net Profit Growth before Extraordinary Items (%)	6.1	4.6	4.0	4.5	4.1
Net Profit Growth (%)	1.0	4.6	-25.7	46.3	4.1
Return on Equity (%)	21.8	24.1	25.9	40.2	34.7
Return on Assets (%)	14.2	14.9	15.3	22.8	17.7
Liabilities to Equity (x)	0.51	0.57	0.67	0.72	0.91
Debt to Equity (x)	0.25	0.30	0.39	0.41	0.54
Net Debt to Equity (x)	0.15	0.23	0.31	0.28	0.27
Interest Coverage Ratio (x)	35.95	24.83	18.83	18.73	17.70
Liquidity Ratio (x)	1.12	0.80	0.54	0.79	1.04
Average Collection Period (days)	33.44	26.67	25.65	26.05	22.01
Average Inventory Period (days)	12.62	12.54	13.23	13.00	11.92
Average Payable Period (days)	32.66	33.29	34.00	37.02	39.06

# Management Discussion & Analysis

For 2010, the Company reported total revenues of Baht 10,069 million, an 8% increase from 2009 total revenues of Baht 9,338 million. The 2010 reported net profit was Baht 1,258 million, a 1% increase from 2009 reported net profit of Baht 1,246 million. Excluding the Baht 63 million extraordinary item from losses on the translation adjustment from the sale of Asia Renal Care (ARC) Group in 2Q10, the 2010 net profit was Baht 1,321 million, a 6% increase from 2009 reported net profit.

Details of the management discussion and analysis are as follows:

## 1. PROFIT AND LOSS STATEMENT

For 2010, the Company reported revenues from hospital operations of Baht 9,806 million, an 8% increase year-over-year from Baht 9,069 million in 2009. The revenue growth was driven by strong revenues from hospital operations in 1Q10 and 3Q10. However, this was partially offset by weak performance in 2Q10 due to political unrest. Inpatient service revenues increased 10% year-over-year, and outpatient service revenues increased 5% year-over-year. The revenue contribution by inpatient service was 50% and outpatient service was 50% in 2010. In terms of revenue by nationality, revenues from international patients were 57%, and revenues from Thai patients were 43%.

Rental income was Baht 130 million in 2010, a decline from Baht 132 million in 2009. Other income was Baht 120 million in 2010, a decline from Baht 137 million in 2009. Total revenues in 2010 were Baht 10,069 million, compared to Baht 9,338 million in 2009, an 8% increase year-over-year, in line with the increase in revenues from hospital operations.

In 2010, the Company reported cost of hospital operations of Baht 5,944 million, a 7% increase year-over-year from Baht 5,553 million in 2009, a slower pace than growth in revenues from hospital operations as a result of continuous cost control coupled with better asset utilization and economies of scale, as the hospital saw high volume especially from international patients in 1Q10 and 3Q10. As a result, gross profit was Baht 3,862 million in 2010, a 10% increase year-over-year from Baht 3,516 million in 2009. Consequently, gross profit margin was 39.4% in 2010, higher than 38.8% in 2009.

2010 administrative expenses were Baht 1,537 million, a 9% increase year-over-year from Baht 1,416 million in 2009, slightly higher than the increase in total revenues. The increase was due to higher salaries related to higher headcount to accommodate increasing volume, and higher overtime costs in 2Q10 as the hospital staffed the personnel during the political unrest to prepare for the possibility of mass casualties; higher donation expenses from the Rak Jai Thai project; and additional expenses related to subsidiary Asia Global Research Co., Ltd. (AGR), a clinical research company which started operations in the second half of 2009; and start-up expenses of VitechPro, the wholesale business of Vitallife Corporation Limited. As a result, EBITDA was Baht 2,452 million in 2010, a 9% increase year-over-year from Baht 2,259 million in 2009. Consequently, EBITDA margin was 24.4% in 2010, up from 24.2% in 2009.

2010 depreciation and amortization was Baht 596 million, higher than Baht 539 million in 2009 due to the completion of the renovation of inpatient wards, the new Women's Center and the Digestive Disease Center. Financing expenses decreased to Baht 68 million in 2010, compared to Baht 91 million in 2009, as a result of the Baht 12 million refinancing prepayment fee in 2009 and a lower outstanding loan balance from the scheduled repayment of the previous loan, together with a lower interest rate from the refinanced loan, whereby the interest rate was reduced from MLR-1.25% to MLR-1.5%. Corporate income tax in 2010 was Baht 507 million, compared to Baht 444 million in 2009; the effective tax rate was 28.2% in 2010 and 27.1% in 2009.

The Company reported share of loss from investments in joint venture and associated companies of Baht 35 million in 2010, compared to share of profit of Baht 47 million in 2009. The 2010 share of loss was attributable to share of income from CDE Trading Company Limited of Baht 7 million, and share of loss from Bumrungrad International Limited of Baht 42 million, which was primarily due to a loss of Baht 63 million on the translation adjustment from the sale of ARC Group in 2Q10.

As a result of the above, the Company's 2010 Reported net profit was Baht 1,258 million, a 1% increase year over year. Excluding Baht 63 million extraordinary item, which was the loss on the translation adjustment from the sale of ARC Group, 2010's net profit was Baht 1,321 million, a 6% increase year over year from Reported net profit of Baht 1,246 million in 2009. Reported net profit margin was 12.5% in 2010, while net profit margin excluding the extraordinary item was 13.1%, which was slightly lower than 13.3% in 2009.



For 2010, basic EPS was Baht 1.73, a 1% increase year over year from Baht 1.71 in 2009. 2010 fully diluted EPS was Baht 1.45, also a 1% increase year over year from Baht 1.44 in 2009.

(Unit: Baht Million)			
Income statement	2010	2009	Change
Revenues from Hospital Operations	9,806	9,069	8%
Total revenues	10,069	9,338	8%
Gross Profit	3,862	3,516	10%
EBITDA	2,452	2,259	9%
Share of Income from Investments in Joint Venture and Associated Companies	-35	47	N.A.
Net Profit	1,258	1,246	1%
Net profit excluding extraordinary item	1,321	1,246	6%
EPS – Basic	1.73	1.71	1%
EPS – Fully Diluted	1.45	1.44	1%
<i>Gross Profit Margin</i>	39.4%	38.8%	
<i>EBITDA Margin</i>	24.4%	24.2%	
<i>Net Profit Margin</i>	12.5%	13.3%	
<i>Net profit margin excluding extraordinary item</i>	13.1%	13.3%	

## 2. BALANCE SHEET

As at 31 December 2010, the Company reported Total current assets of Baht 1,855 million, an increase from Baht 1,332 million as at 31 December 2009, primarily because of an increase in Cash and cash equivalents and Trade accounts receivable. Trade accounts receivable was Baht 946 million as at 31 December 2010, an increase from Baht 658 million as at 31 December 2009, as a result of the increase in the Middle East corporate accounts, together with increasing international insurance contracts. Therefore, the collection period increased to 33.4 days as at 31 December 2010 compared to 26.7 days as at 31 December 2009. Total non-current assets slightly increased to Baht 7,297 million as at 31 December 2010 compared to Baht 7,235 million as at 31 December 2009 because of the increase in Property, plant and equipment to Baht 5,785 million as at 31 December 2010 from Baht 5,667 million as at 31 December 2009. This was primarily a result of increase in assets related to the renovation of inpatient wards and renovation of Women Center and Digestive Disease Center. As a result, Total assets increased to Baht 9,152 million as at 31 December 2010 from Baht 8,567 million as at 31 December 2009.

Total liabilities were Baht 3,082 million as at 31 December 2010, a slight decrease from Baht 3,094 million as at 31 December 2009, primarily from a decrease in Current liabilities related to operations such as Accrued expenses and Short-term loan. The interest-bearing debt (short-term loan + long-term loans) decreased to Baht 1,530 million as at 31 December 2010 from Baht 1,620 million as at 31 December 2009 due to short-term loan repayment. With a lower debt position and increased cash balance, together with an increase in Shareholders' equity, net debt to equity slightly decreased to 0.15x as at 31 December 2010 from 0.23x as at 31 December 2009. Because the Company no longer has current portion of long term loans since 1Q10, as the refinanced loan has 2 years grace period, together with decrease in interest expense, the Company's interest coverage ratio significantly improved to 35.9x in 2010 compared to 24.8x in 2009.

Total shareholders' equity increased to Baht 6,069 million as at 31 December 2010 from Baht 5,473 million as at 31 December 2009, primarily as a result of the Company's 2010 net profit of Baht 1,258 million, netted off with dividend payments of Baht 619 million in 2010. Average return on assets (ROA) in 2010 was 14.2%, while average return on equity (ROE) was 21.8% in 2010.

(Unit: Baht Million)

	2010	2009	Change
Total Assets	9,152	8,567	7%
Total Liabilities	3,082	3,094	0%
Total Shareholders' Equity	6,069	5,473	11%
Average Collection Period (days)	33.4	26.7	
Average Inventory Period (days)	12.6	12.5	
Average Payables Period (days)	32.7	33.3	
Net Debt to Equity (x)	0.15	0.23	
Interest Coverage Ratio (x)	35.9	24.8	
Average Return on Assets (%)	14.2	14.9	
Average Return on Equity (%)	21.8	24.1	

### 3. LIQUIDITY

The Company's cash flow from operating activities in 2010 was Baht 1,649 million, compared to Baht 1,706 million in 2009. Net cash used in investment activities was Baht 668 million in 2010, compared to Baht 822 million in 2009. The Company reported net cash flow used in financing activities of Baht 742 million in 2010, a decrease from Baht 881 million in 2009, because the Company repaid its long term loan in 2009 according to the repayment schedule of the previous longterm loan agreement, while the refinanced loan in October 2009 has a 2-year grace period. As a result, cash and cash equivalents at the end of the period was Baht 627 million as at 31 December 2010, an increase from Baht 387 million as at 31 December 2009.

The liquidity ratio as at 31 December 2010 increased to 1.12x compared to 0.80x as at 31 December 2009, as a result of the increase in cash and cash equivalents and accounts receivable. Similarly, the quick ratio increased to 0.95x as at 31 December 2010, compared to 0.63x as at 31 December 2009.

(Unit: Baht Million)

	2010	2009
Cash Flow from Operating Activities	1,649	1,706
Cash Flow from Investing Activities	-666	-822
Cash Flow from Financing Activities	-742	-881
Net Increase (Decrease) in Cash and Cash Equivalents	241	2
Cash and Cash Equivalents at end of year	627	387
Liquidity Ratio (x)	1.12	0.80
Quick Ratio (x)	0.95	0.63

# Report of the Audit Committee

## To the Shareholders of Bumrungrad Hospital Public Company Limited

The Board of Directors appointed the Audit Committee, consisting entirely of three independent directors of the Board. Miss Sophavadee Uttamobol was appointed as Chairperson with Mr. Boonpakorn Chokwathana and Mr. Soradis Vinyaratn as members, and Mrs. Tawichar Tansathit as secretary to the Committee. Its main duties and responsibilities are to review financial reports, internal audit and control systems, risk management systems, and compliance with laws, and to consider potential conflict of interest transactions.

In the year 2010, the Audit Committee held a total of four meetings, all of which were attended by all members, to perform its duties and responsibilities, including the following major issues:

1. Reviewed the Company and its subsidiaries' financial statements prior to submission to the Board of Directors. Based on due consideration, after discussions with the executives, a non-management meeting with the Company's independent auditor, and consideration of the auditor's recommendations in the Management Letter, the Committee has the opinion that the above financial statements are prepared accurately, completely, and creditably.
2. Reviewed and assessed the internal control systems. The Committee has the opinion that the Company has appropriate, effective, and adequate systems, sufficient to mitigate its risks to the acceptable level, and help the Company achieve its operation goals.
3. Reviewed the compliance with laws and regulations relating to the Company's business operations. The Committee has the opinion that the Company has no legal violation that may significantly affect the Company's reputation and financial status.
4. Considered, selected, and nominated the Company's independent auditor, which is Ms. Vissuta Jariyathanakorn from Ernst and Young Office Limited, and proposed her remuneration to the Board.
5. Considered connected transactions or potential conflict of interest transactions. The Committee has the opinion that all such transactions were the Company's normal business transactions.
6. Considered and approved the internal audit plan, which was determined to be suitable for the Company's nature of business, including its administrative policies, business plans, work processes, and business risks.
7. Considered and approved the internal audit division's yearly expenditure budget and manpower requirements, which the Committee approved recruiting two additional employees for the year 2011 to support the Company's business expansion.
8. Promoted continuing education for all members of the Audit Committee by attending professional seminars including courses for the International Financial Reporting Standards (IFRS), which will be effective in the year 2011, in order to obtain sufficient knowledge to review the reliability of financial statements.
9. Considered and performed the Audit Committee's self-assessment to present to the Board of Directors. The Committee has the opinion that it has appropriately performed its duties in accordance with the Audit Committee's charter.

The Audit Committee has performed its duties and responsibilities as delegated by the Company's Board of Directors with care and at its fullest capability for the benefits of the Company, the shareholders, and all stakeholders.



Miss Sophavadee Uttamobol  
Chairperson of the Audit Committee  
21 February 2011

## Report of the Accountability of the Board of Directors to the Company's Financial Reports

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries and information as appears in the annual report. The financial statements have been prepared in accordance with the generally accepted accounting principles, using appropriate and consistent accounting policies. The financial statements have been prepared with caution and have been evaluated for appropriateness of the overall presentation of the financial statement. There was sufficient information disclosure in the notes to the financial statements.

The Board of Directors has set up an efficient and effective internal control system to ensure that all accounting transactions have been recorded correctly and comprehensively, and that there has been a record-keeping system of assets to protect the Company from any material fraud or damage.

The Board of Directors has the opinion that the overall internal control system of the Company was at a satisfactory level, which resulted in confidence in the reliability of the financial statements of the Company and its subsidiaries as at 31 December 2010.



Mr. Chai Sophonpanich  
Chairperson



Mrs. Linda Lisahapanya  
Managing Director



Bumrungrad Hospital Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2010 and 2009

# Report of Independent Auditor

## To the Shareholders of Bumrungrad Hospital Public Company Limited

I have audited the accompanying consolidated balance sheets of Bumrungrad Hospital Public Company Limited and its subsidiaries as at 31 December 2010 and 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Bumrungrad Hospital Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits 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 audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bumrungrad Hospital Public Company Limited and its subsidiaries and of Bumrungrad Hospital Public Company Limited as at 31 December 2010 and 2009, and the results of their operations and cash flows for the years then ended, in accordance with generally accepted accounting principles.



Vissuta Jariyathanakorn  
Certified Public Accountant (Thailand)  
No. 3853

Ernst & Young Office Limited  
Bangkok: 23 February 2011

# BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEETS

AS AT 31 DECEMBER 2010 AND 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	627,492,183	386,640,580	576,807,388	333,440,463
Trade accounts receivable - net	7	946,401,265	657,907,917	938,466,900	651,744,575
Amounts due from related parties	8	4,674,789	14,583,449	10,533,339	17,512,015
Advances to employees and directors		7,291,971	5,832,612	7,291,971	5,803,578
Short-term loan to and interest receivable from a related party	8	-	-	19,277,319	-
Inventories	9	217,701,976	198,878,672	208,799,234	189,709,546
Prepaid expenses		49,021,766	65,998,241	46,656,376	59,576,817
Other current assets		<u>2,362,600</u>	<u>1,993,569</u>	<u>1,224,906</u>	<u>614,811</u>
<b>Total current assets</b>		<u>1,854,946,550</u>	<u>1,331,835,040</u>	<u>1,809,057,433</u>	<u>1,258,401,805</u>
<b>Non-current assets</b>					
Investments in subsidiaries - net	10	-	-	97,544,567	1,214,114,738
Investment in joint venture	11	-	7,215,269	-	7,267,470
Investments in associated companies - net	12	1,209,892,803	1,257,158,363	1,013,453,313	1,013,453,313
Other long-term investments - net	13	2,247,213	2,247,213	2,047,213	2,047,213
Property, plant and equipment - net	14	5,784,672,458	5,666,942,245	5,793,826,042	4,728,437,298
Intangible assets - net	15	282,290,320	285,629,145	307,236,342	314,760,370
Other non-current assets		<u>17,628,305</u>	<u>15,964,695</u>	<u>17,500,120</u>	<u>18,603,210</u>
<b>Total non-current assets</b>		<u>7,296,731,099</u>	<u>7,235,156,930</u>	<u>7,231,607,597</u>	<u>7,298,683,612</u>
<b>Total assets</b>		<u>9,151,677,649</u>	<u>8,566,991,970</u>	<u>9,040,665,030</u>	<u>8,557,085,417</u>

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



# BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEETS (CONTINUED)

AS AT 31 DECEMBER 2010 AND 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Liabilities and Shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	16	100,000,000	190,000,000	100,000,000	190,000,000
Trade accounts payable		555,761,819	522,672,469	548,169,438	514,421,007
Construction and medical equipment payables		51,045,251	27,490,212	51,045,251	27,490,212
Amounts due to related parties	8	193,569	-	193,569	1,725,809
Current portion of long-term loans					
from a related party	8	-	-	81,000,000	-
Accrued physicians' fees		405,443,662	329,566,815	395,065,305	324,266,815
Interest payable		388,307	692,219	388,307	692,219
Interest payable - convertible bonds treated					
as equity securities		11,575,343	11,575,343	11,575,343	11,575,343
Corporate income tax payable		252,379,023	209,859,207	246,705,981	208,434,232
Accrued expenses		205,733,393	305,970,543	204,159,588	302,219,595
Accounts payable - others		13,380,997	13,371,696	12,589,728	12,958,736
Other current liabilities		<u>56,339,844</u>	<u>53,182,860</u>	<u>47,724,195</u>	<u>48,619,138</u>
<b>Total current liabilities</b>		<u>1,652,241,208</u>	<u>1,664,381,364</u>	<u>1,698,616,705</u>	<u>1,642,403,106</u>
<b>Non-current liabilities</b>					
Long-term loan from a related party	8	-	-	-	219,827,068
Long-term loans from financial institutions	17	<u>1,430,000,000</u>	<u>1,430,000,000</u>	<u>1,430,000,000</u>	<u>1,430,000,000</u>
<b>Total non-current liabilities</b>		<u>1,430,000,000</u>	<u>1,430,000,000</u>	<u>1,430,000,000</u>	<u>1,649,827,068</u>
<b>Total liabilities</b>		<u>3,082,241,208</u>	<u>3,094,381,364</u>	<u>3,128,616,705</u>	<u>3,292,230,174</u>

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

# BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEETS (CONTINUED)

AS AT 31 DECEMBER 2010 AND 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Shareholders' equity</b>					
Share capital	19				
Registered					
920,987,785 ordinary shares of Baht 1 each					
(2009: 920,954,935 ordinary shares of Baht 1 each)		<u>920,987,785</u>	<u>920,954,935</u>	<u>920,987,785</u>	<u>920,954,935</u>
1,714,900 preference shares of Baht 1 each					
(2009: 1,747,750 preference shares of Baht 1 each)		<u>1,714,900</u>	<u>1,747,750</u>	<u>1,714,900</u>	<u>1,747,750</u>
Issued and paid-up					
728,337,322 ordinary shares of Baht 1 each					
(2009: 728,304,472 ordinary shares of Baht 1 each)		728,337,322	728,304,472	728,337,322	728,304,472
1,747,900 preference shares of Baht 1 each					
(2009: 1,747,750 preference shares of Baht 1 each)		1,714,900	1,747,750	1,714,900	1,747,750
Premium on ordinary shares		285,568,300	285,568,300	285,568,300	285,568,300
Other paid-in capital of an associated company		252,172,534	252,172,534	-	-
Translation adjustment		(84,111,801)	(75,451,261)	-	-
Convertible bonds treated as equity securities	18	550,000,000	550,000,000	550,000,000	550,000,000
Excess of investment over book value					
of a subsidiary		(192,661,558)	(192,661,558)	-	-
Retained earnings					
Appropriated - statutory reserve	20	92,275,000	92,275,000	92,275,000	92,275,000
Unappropriated		<u>4,436,141,744</u>	<u>3,830,655,369</u>	<u>4,254,152,803</u>	<u>3,606,959,721</u>
<b>Total shareholders' equity</b>		<u>6,069,436,441</u>	<u>5,472,610,606</u>	<u>5,912,048,325</u>	<u>5,264,855,243</u>
<b>Total liabilities and shareholders' equity</b>		<u>9,151,677,649</u>	<u>8,566,991,970</u>	<u>9,040,665,030</u>	<u>8,557,085,417</u>

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

# BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
<b>Revenues</b>					
Revenues from hospital operations	8	9,805,682,009	9,068,932,457	9,649,681,687	8,966,093,848
Rental income	8	130,314,933	131,771,746	141,335,165	160,123,562
Gain on sale of investment in joint venture	11.1	13,031,770	-	12,965,524	-
Exchange gains		26,199,487	38,679,713	26,875,801	38,793,644
Dividend income from an associated company	8, 10	-	-	204,771,013	-
Other income	8	93,730,492	98,471,864	85,638,428	94,392,334
<b>Total revenues</b>		<u>10,068,958,691</u>	<u>9,337,855,780</u>	<u>10,121,267,618</u>	<u>9,259,403,388</u>
<b>Expenses</b>					
Cost of hospital operations	8	5,943,546,315	5,553,191,439	5,866,404,002	5,510,961,955
Depreciation and amortisation	14, 15	595,843,564	539,265,272	581,229,524	482,616,962
Administrative expenses	8	1,536,810,632	1,415,612,025	1,495,124,265	1,448,722,697
Loss from share capital reduction of a subsidiary	10	-	-	212,000,000	-
Reversal of allowance for loss on impairment of assets		-	(13,641,982)	-	(13,641,982)
Management benefit expenses		123,797,383	109,690,718	100,863,360	94,076,510
<b>Total expenses</b>		<u>8,199,997,894</u>	<u>7,604,117,472</u>	<u>8,255,621,151</u>	<u>7,522,736,142</u>
<b>Income before share of income (loss) from investment in joint venture and associates, finance cost and corporate income tax</b>					
		1,868,960,797	1,733,738,308	1,865,646,467	1,736,667,246
Share of income (loss) from investments in joint venture and associated companies	11.2, 12.2	(34,927,045)	47,244,233	-	-
<b>Income before finance cost and corporate income tax</b>		1,834,033,752	1,780,982,541	1,865,646,467	1,736,667,246
Finance cost	8	(68,200,261)	(90,934,499)	(76,936,028)	(96,355,541)
<b>Income before corporate income tax</b>		1,765,833,491	1,690,048,042	1,788,710,439	1,640,311,705
Corporate income tax	22	(507,338,809)	(444,399,602)	(488,509,050)	(435,884,314)
<b>Net income for the year</b>		<u>1,258,494,682</u>	<u>1,245,648,440</u>	<u>1,300,201,389</u>	<u>1,204,427,391</u>

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

# BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## INCOME STATEMENTS (CONTINUED)

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Unit: Baht)

(Dollar amounts in millions)					
		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Earnings per share</b>					
Basic earnings per share	23				
Net income for the year		<u>1.73</u>	<u>1.71</u>	<u>1.79</u>	<u>1.65</u>
Diluted earnings per share	23				
Net income for the year		1.45	1.44	1.50	1.39

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

# BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Cash flows from operating activities</b>				
Income before corporate income tax	1,765,833,491	1,690,048,042	1,788,710,439	1,640,311,705
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	595,843,564	539,265,272	581,229,524	482,616,962
Reversal of allowance for loss on impairment of assets	-	(13,641,982)	-	(13,641,982)
Bad debts and allowance for doubtful accounts	19,549,286	16,352,765	19,195,902	14,716,494
Loss from share capital reduction of a subsidiary	-	-	212,000,000	-
Loss on sales and write-off of equipment	2,160,072	4,595,482	2,159,005	4,597,182
Gain on sale of investment in jointly controlled entity	(13,031,770)	-	(12,965,524)	-
Dividend income from a subsidiary	-	-	(204,771,013)	-
Share of (income) loss from investment in joint venture and associated companies	34,927,045	(47,244,233)	-	-
Interest income	(1,944,484)	(1,612,475)	(1,830,611)	(1,378,590)
Interest expense	68,200,261	78,351,083	76,936,028	88,152,416
Income from operating activities before changes in operating assets and liabilities	2,471,537,465	2,266,113,954	2,460,663,750	2,215,374,187
<b>Operating assets (increase) decrease</b>				
Trade accounts receivable	(308,042,634)	(180,138,692)	(305,918,227)	(174,084,902)
Amounts due from related parties	9,908,660	(5,786,411)	6,978,676	(8,714,977)
Inventories	(18,823,304)	(10,903,674)	(19,089,688)	(5,578,521)
Other current assets	16,607,444	(10,737,424)	12,310,346	(3,773,129)
<b>Operating liabilities increase (decrease)</b>				
Trade accounts payable	33,089,350	18,331,237	33,748,431	11,828,311
Amounts due to related parties	193,569	(2,015,049)	(1,532,240)	(1,957,217)
Accrued physicians' fees	75,876,847	67,106,099	70,798,490	62,956,099
Accrued expenses	(100,237,150)	45,876,232	(98,060,007)	44,198,988
Accounts payable - others	(684,881)	(3,164,772)	(1,063,190)	(3,253,060)
Other current liabilities	3,156,984	29,357,705	(894,943)	25,198,390
Cash flows from operating activities	2,182,582,350	2,214,039,205	2,157,941,398	2,162,194,169
Cash paid for interest expense	(68,504,173)	(78,223,722)	(77,239,940)	(87,773,039)
Cash paid for corporate income tax	(464,818,993)	(430,020,375)	(450,237,301)	(420,495,880)
<b>Net cash flows from operating activities</b>	<u>1,649,259,184</u>	<u>1,705,795,108</u>	<u>1,630,464,157</u>	<u>1,653,925,250</u>

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

# BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## CASH FLOW STATEMENTS (CONTINUED)

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Cash flows from investing activities</b>				
Decrease in restricted bank deposits	-	17,146,800	-	8,792,400
Decrease (increase) in advances to employees and directors	(1,459,359)	2,953,009	(1,488,393)	2,982,043
Increase in short-term loan to a related party	-	-	(19,200,000)	-
Acquisition of investments in subsidiaries	-	-	-	(41,601,766)
Acquisition of investment in joint venture	(2,473,500)	(1,147,500)	(2,473,500)	(1,147,500)
Cash receipt from sales of investment in joint venture	22,706,494	-	22,706,494	-
Cash receipt from a subsidiary's share capital reduction	-	-	904,570,171	-
Dividend income from a subsidiary	-	-	204,771,013	-
Acquisition of property, plant and equipment and repayment of construction and medical equipment payables	(667,382,209)	(836,623,974)	(824,484,934)	(802,405,298)
Proceeds from sales of equipment	8,662,866	5,980,704	8,659,093	5,979,004
Acquisition of computer software	(26,447,396)	(14,015,473)	(25,872,365)	(13,755,178)
Decrease (increase) in other non-current assets	(1,663,610)	2,198,088	1,103,090	2,559,574
Interest income	1,944,484	1,612,475	1,753,292	1,378,590
<b>Net cash flows from (used in) investing activities</b>	<u>(666,112,230)</u>	<u>(821,895,871)</u>	<u>270,043,961</u>	<u>(837,218,131)</u>
<b>Cash flows from financing activities</b>				
Net cash payment for short-term loan from financial institution	(90,000,000)	(10,000,000)	(90,000,000)	(10,000,000)
Cash receipt from long-term loan from a related party	-	-	5,000,000	-
Repayment of long-term loan from a related party	-	-	(919,827,068)	(719,409,360)
Cash receipt from long-term loans from financial institutions	-	1,430,000,000	-	1,430,000,000
Repayment of long-term loans from financial institutions	-	(1,685,300,871)	-	(918,750,000)
Dividend paid	(619,814,125)	(583,488,749)	(619,814,125)	(583,488,749)
Interest paid for convertible bonds treated as equity securities	(32,500,000)	(32,500,000)	(32,500,000)	(32,500,000)
<b>Net cash flows used in financing activities</b>	<u>(742,314,125)</u>	<u>(881,289,620)</u>	<u>(1,657,141,193)</u>	<u>(834,148,109)</u>
Increase (decrease) in translation adjustment	18,774	(610,826)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>240,851,603</u>	<u>1,998,791</u>	<u>243,366,925</u>	<u>(17,440,990)</u>
Cash and cash equivalents at beginning of year	<u>386,640,580</u>	<u>384,641,789</u>	<u>333,440,463</u>	<u>350,881,453</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>627,492,183</u></u>	<u><u>386,640,580</u></u>	<u><u>576,807,388</u></u>	<u><u>333,440,463</u></u>
<b>Supplemental cash flow information</b>				
Non-cash transaction				
Acquisition of building by issuing promissory note	-	-	776,000,000	-
Reclassification of equipment to computer software	11,406,236	-	11,406,236	-

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

**BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Unit: Baht)

		Consolidated financial statements						
Note	Issued and paid-up share capital	Preference shares	Premium on ordinary shares	Other paid-in capital of an associated company	Translation adjustment	Convertible bonds treated as equity securities	Excess of investment over book value of a subsidiary	Retained earnings
	Ordinary shares							Appropriated - statutory reserve
								Unappropriated
								Total
<b>Balance as at 31 December 2008</b>	728,269,472	1,782,750	285,568,300	252,172,534	(53,479,292)	550,000,000	(192,661,558)	92,275,000
Translation adjustment	-	-	-	-	(21,971,969)	-	-	-
Interest paid for convertible bonds treated as equity securities	-	-	-	-	-	-	-	-
<b>Net expenses recognised directly in equity</b>	-	-	-	-	(21,971,969)	-	-	(32,500,000)
Net income for the year 2009	-	-	-	-	-	-	-	(54,471,969)
<b>Total income and expense for the year</b>	-	-	-	-	(21,971,969)	-	-	1,245,648,440
Dividend paid	-	-	-	-	-	-	-	1,213,148,440
Preference shares converted to ordinary shares	35,000	(35,000)	-	-	-	-	-	1,191,176,471
<b>Balance as at 31 December 2009</b>	728,304,472	1,747,750	285,568,300	252,172,534	(75,451,261)	550,000,000	(192,661,558)	92,275,000
<b>Balance as at 31 December 2009</b>	728,304,472	1,747,750	285,568,300	252,172,534	(75,451,261)	550,000,000	(192,661,558)	92,275,000
Translation adjustment	-	-	-	-	(8,660,540)	-	-	-
Interest paid for convertible bonds treated as equity securities	-	-	-	-	-	-	-	-
<b>Net expenses recognised directly in equity</b>	-	-	-	-	(8,660,540)	-	-	(32,500,000)
Net income for the year 2010	-	-	-	-	-	-	-	(41,160,540)
<b>Total income and expense for the year</b>	-	-	-	-	(8,660,540)	-	-	1,258,494,682
Dividend paid	-	-	-	-	-	-	-	1,217,334,142
Preference shares converted to ordinary shares	32,850	(32,850)	-	-	-	-	-	1,225,994,682
<b>Balance as at 31 December 2010</b>	728,337,322	1,714,900	285,568,300	252,172,534	(84,111,801)	550,000,000	(192,661,558)	92,275,000
								4,436,141,744
								6,069,436,441

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

**BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)**  
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

		Separate financial statements						(Unit: Baht)	
Note		Issued and paid-up share capital		Premium on ordinary shares	Convertible bonds treated as equity securities	Retained earnings		Total	
		Ordinary shares	Preference shares			Appropriated - statutory reserve	Unappropriated		
	<b>Balance as at 31 December 2008</b>	728,269,472	1,782,750	285,568,300	550,000,000	92,275,000	3,018,959,543	4,676,855,065	
	Interest paid for convertible bonds treated as equity securities	-	-	-	-	-	(32,500,000)	(32,500,000)	
	<b>Net expenses recognised directly in equity</b>	-	-	-	-	-	(32,500,000)	(32,500,000)	
	Net income for the year 2009	-	-	-	-	-	1,204,427,391	1,204,427,391	
	<b>Total income for the year</b>	-	-	-	-	-	1,171,927,391	1,171,927,391	
26	Dividend paid	-	-	-	-	-	(583,927,213)	(583,927,213)	
	Preference shares converted to ordinary shares	35,000	(35,000)	-	-	-	-	-	
19		728,304,472	1,747,750	285,568,300	550,000,000	92,275,000	3,606,959,721	5,264,855,243	
	<b>Balance as at 31 December 2009</b>	728,304,472	1,747,750	285,568,300	550,000,000	92,275,000	3,606,959,721	5,264,855,243	
	Interest paid for convertible bonds treated as equity securities	-	-	-	-	-	(32,500,000)	(32,500,000)	
18		-	-	-	-	-	(32,500,000)	(32,500,000)	
	<b>Net expenses recognised directly in equity</b>	-	-	-	-	-	(32,500,000)	(32,500,000)	
	Net income for the year 2010	-	-	-	-	-	1,300,201,389	1,300,201,389	
	<b>Total income and expense for the year</b>	-	-	-	-	-	1,267,701,389	1,267,701,389	
26	Dividend paid	-	-	-	-	-	(620,508,307)	(620,508,307)	
	Preference shares converted to ordinary shares	32,850	(32,850)	-	-	-	-	-	
19		728,337,322	1,714,900	285,568,300	550,000,000	92,275,000	4,254,152,803	5,912,048,325	
	<b>Balance as at 31 December 2010</b>	728,337,322	1,714,900	285,568,300	550,000,000	92,275,000	4,254,152,803	5,912,048,325	

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



# BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

### 1. CORPORATE INFORMATION

Bumrungrad Hospital Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in hospital business, investment in other companies and rental of properties service. The registered office of the Company is at 33 Soi 3 (Nana Nua) Sukhumvit Road, Klongtoey Nua Sub District, Wattana District, Bangkok.

### 2. BASIS OF FINANCIAL STATEMENTS PREPARATION

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions 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 of Bumrungrad Hospital Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
			2010	2009	2010	2009	2010	2009
			Percent	Percent	Percent	Percent	Percent	Percent
Bumrungrad Medical Center Ltd. (BMC)	Temporary ceased its operation	Thailand	100	100	1	11	1	-
Vitalife Corporation Ltd. (VTI)	Health care center	Thailand	100	100	1	1	2	1
Asia Global Health Ltd. (AGH)	Investment in healthcare business	Hong Kong	100	100	-	-	-	-
Asia Global Research Ltd. (AGR)	Clinical research service	Thailand	100	100	-	-	-	-

b) 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.

c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

d) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the balance sheet date, and revenues and expenses are translated using monthly average exchange rates. The resulting differences are shown under the caption of "Translation adjustment" in shareholders' equity.

e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

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

### 3. ADOPTION OF NEW ACCOUNTING STANDARDS

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below:

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):
 

Framework for the Preparation and Presentation of Financial Statements (revised 2009)	
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
- b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:
 

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted:

#### **TAS 19 Employee Benefits**

This accounting standard requires employee benefits to be recognised as expenses in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits or liabilities arising from other defined benefit plans using actuarial techniques. Currently, the Company accounts for such employee benefits when they are incurred.

The adoption of this TAS in 2011 will have the effect of decreasing the beginning balance of retained earnings in the consolidated financial statements by approximately Baht 265.6 million (Separate financial statements: Baht 261.9 million).

#### **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

## TAS 23 (revised 2009) Borrowing Costs

This accounting standard requires entities to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Currently, the Company elects to expense such borrowing costs when incurred. The change in this accounting policy will be applied for borrowing costs incurred on or after 1 January 2011.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Revenue recognition

- a) 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.
- b) Consulting and management fee income are recognised when services have been rendered taking into account the stated date of completion.
- c) Rental income and related service income are recognised on an accrual basis in accordance with a period as stipulated in an agreement.
- d) Interest income is recognised on an accrual basis based on the effective interest rate.
- e) 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 at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 4.3 Trade accounts receivable

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 experience and analysis of debt aging.

### 4.4 Inventories

Inventories are valued at the lower of cost (weighted average basis) and net realisable value.

### 4.5 Investments

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- b) Investments in joint venture and associated companies are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries, joint venture and associated companies are accounted for in the separate financial statements using the cost method.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount of the investment is recognised as income or expenses in the income statement.

### 4.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation of buildings and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land leasehold right	-	30 years as lease period
Land improvement	-	30 years
Buildings and construction	-	5 - 30 and 40 years
Facility systems	-	12.5 - 20 years
Medical accessory equipment	-	5 - 15 years
Hospital equipment	-	5 - 15 years
Equipment and furniture	-	5 - 15 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

### 4.7 Borrowing costs

Borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 4.8 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the 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 follows:

	<u>Useful lives</u>
Computer software	10 years
Compensation for business combination	10 years

#### 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.

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

#### 4.10 Long-term leases

Leases of property, plant 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, plant or equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

#### 4.11 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling on the balance sheet date.

Gains and losses on exchange are included in determining income.

#### 4.12 Impairment of assets

At each reporting date, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. 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 and its subsidiaries 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.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### 4.13 Employee benefits

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

#### 4.14 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.

#### 4.15 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### 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 from these estimates. Significant judgments and estimates are as follows:

#### Leases

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

#### Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgments and estimates based upon, among other things, past collection history, aging profile of outstanding debts and prevailing economic conditions.

#### Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company and its subsidiaries' plant and equipment, and to review estimated useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodic basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

### 6. CASH AND CASH EQUIVALENTS

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash	14,105,598	11,589,036	13,872,695	11,524,036
Bank deposits	613,386,585	375,051,544	562,934,693	321,916,427
<b>Total</b>	<u>627,492,183</u>	<u>386,640,580</u>	<u>576,807,388</u>	<u>333,440,463</u>

As at 31 December 2010, bank deposits in savings accounts and fixed deposits carried interest between 0.10% and 0.75% per annum (2009: between 0.125% and 0.500% per annum).

### 7. TRADE ACCOUNTS RECEIVABLE

The balances of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due dates, are summarised below:

(Unit: Baht)

Age of receivables	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Not yet due	278,107,923	254,472,347	277,058,965	249,226,672
Past due				
1 - 30 days	148,894,878	139,825,430	146,870,468	139,528,373
31 - 60 days	97,305,833	60,798,223	96,543,165	60,243,454
61 - 90 days	60,429,250	37,312,305	59,577,900	36,765,779
91 - 180 days	192,984,764	79,912,852	190,590,756	79,720,846
181 - 365 days	114,420,554	80,420,853	112,714,611	79,776,623
More than 365 days	170,095,423	106,767,969	166,374,605	103,864,484
<b>Total</b>	1,062,238,625	759,509,979	1,049,730,470	749,126,231
Less: Allowance for doubtful debts	(115,837,360)	(101,602,062)	(111,263,570)	(97,381,656)
<b>Trade accounts receivable - net</b>	<u>946,401,265</u>	<u>657,907,917</u>	<u>938,466,900</u>	<u>651,744,575</u>

## 8. RELATED PARTY TRANSACTIONS

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2010	2009	2010	2009	

### Transactions with subsidiary companies

(eliminated from the consolidated financial statements)

Medical service income	-	-	13.5	10.9	Market price
Rental income	-	-	11.0	28.2	As per contract 8.1
Interest income	-	-	0.3	-	MLR less 1.00% p.a.
Dividend income	-	-	204.8	-	As declared
Lab service expense	-	-	11.4	7.3	Market price
Rental expense	-	-	22.2	88.8	As per contract 8.2
Purchase of hospital building	-	-	938.0	-	As per contract 8.2
Interest expense	-	-	9.1	33.9	1.16% and 2.50% p.a. (2009: MLR less 1.00% p.a. and 2.50% p.a.)

### Transactions with associated companies

Rental income	0.5	0.7	0.5	0.7	Actual paid
Consulting fee income	11.1	12.8	11.1	12.8	As per contract 8.3
Consulting fee expense	2.5	-	2.5	-	Fixed rate per hour as stated in the agreements

### Transactions with related parties

Medical service income	63.9	73.2	63.9	73.2	Market price
Other income	3.5	2.4	3.5	2.4	At cost
Donation expense	37.0	22.0	37.0	22.0	-
Insurance expense	26.5	21.3	26.3	21.2	As per insurance policies
Credit card commission fees	69.5	68.9	69.5	68.9	Market price
Interest on convertible bonds paid	32.5	32.5	32.5	32.5	10% p.a. and 1.00% p.a.

8.1 A subsidiary (Bumrungrad Medical Center Ltd.) had leased a plot of land from the Company. The lease agreement covered a period of 30 years, commencing from the year 1996. The rental fee was Baht 22.3 million per annum. Subsequently, on 31 March 2010, the subsidiary entered into a memorandum of understanding to terminate the land lease agreement with the Company, the subsidiary has no obligation to pay such rental fee.

Another subsidiary (Vitallife Corporation Ltd.) has leased building space from the Company for use in its operations. The lease agreement covers a period of 11 years, commencing from the year 2001. The subsidiary had to pay rental fees equal to 5% of gross revenue inclusive of value added tax, but not less than Baht 238,200 per month. Subsequently, on 1 January 2010, the Company and the subsidiary agreed to change the rental fee to Baht 350,000 per month starting from 1 January 2010 onwards.

Another subsidiary (Asia Global Research Ltd.) has leased building space from the Company for use in its operations. The lease agreement covers a period of 3 years, commencing from the year 2009. The subsidiary has to pay rental fees amounting to Baht 106,050 per month.

- 8.2 The Company had leased hospital building from a subsidiary (Bumrungrad Medical Center Ltd.) for use in its hospital business. The rental fee was Baht 88.8 million per annum. The agreement was to expire in July 2010. Subsequently, on 26 March 2010, the Company entered into a purchase agreement to acquire the hospital building (building B) from the subsidiary at a price of Baht 938.0 million. In addition, on 31 March 2010, the Company entered into a memorandum of understanding to terminate the building lease agreement with the subsidiary; the Company has no obligation to pay such rental fee.
- 8.3 The Company entered into a Consulting Support Agreement with an associate (Bumrungrad International Ltd.). The associate has been obliged to pay such fees totaling Baht 0.9 million per month starting from January 2009 onwards. The agreement will expire as per the agreement's conditions.

The balances of the accounts as at 31 December 2010 and 2009 between the Company and those related parties are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Amounts due from related parties</b>				
<i>Subsidiaries</i>				
Bumrungrad Medical Center Ltd.	-	-	13,399	-
Vitalife Corporation Ltd.	-	-	767,287	-
Asia Global Health Ltd.	-	-	4,868,586	2,835,219
Asia Global Research Ltd.	-	-	263,166	105,147
<i>Associated company</i>				
Bumrungrad International Ltd.	60,596	4,042,052	6,708	4,030,252
<i>Related party</i>				
The Bumrungrad Hospital Foundation	4,614,193	10,541,397	4,614,193	10,541,397
<b>Total</b>	<u>4,674,789</u>	<u>14,583,449</u>	<u>10,533,339</u>	<u>17,512,015</u>
<b>Amounts due to related parties</b>				
<i>Subsidiary</i>				
Vitalife Corporation Ltd.	-	-	-	1,725,809
<i>Associated company</i>				
Bumrungrad International Ltd.	193,569	-	193,569	-
<b>Total</b>	<u>193,569</u>	<u>-</u>	<u>193,569</u>	<u>1,725,809</u>
<b>Short-term loan to and interest receivable from a related party</b>				
<i>Subsidiary</i>				
Asia Global Research Ltd.	-	-	19,277,319	-
<b>Long-term loan from a related party</b>				
<i>Subsidiary</i>				
Bumrungrad Medical Center Ltd.				
Long-term loan	-	-	81,000,000	219,827,068
Less: Current portion	-	-	(81,000,000)	-
Non-current portion	-	-	-	219,827,068

As at 31 December 2010, the short-term loan to Asia Global Research Ltd. carries interest at the rate of MLR less 1.00% per annum.

As at 31 December 2010, the long-term loan from Bumrungrad Medical Center Ltd. carries interest at the rate of 1.16% per annum (2009: MLR less 1.00% per annum).

During 2010, movements of loans to and loan from related parties were as follows:

(Unit: Baht)

	Balance as at 31 December <u>2009</u>	<u>During the year</u>		Balance as at 31 December <u>2010</u>
		<u>Increase</u>	<u>Decrease</u>	
<b>Short-term loan to and interest receivable from a related party</b>				
<i>Subsidiary</i>				
Asia Global Research Ltd.				
Principal	-	19,200,000	-	19,200,000
Interest receivable	-	349,698	(272,379)	77,319
	-	19,549,698	(272,379)	19,277,319
<b>Long-term loan from a related party</b>				
<i>Subsidiary</i>				
Bumrungrad Medical Center Ltd.				
Principal	219,827,068	781,000,000	(919,827,068)	81,000,000
Interest payable	-	9,085,681	(9,085,681)	-
	219,827,068	790,085,681	(928,912,749)	81,000,000

## 9. INVENTORIES

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Medicine	122,444,846	112,987,606	115,574,071	106,152,726
Medical supplies	34,095,215	31,692,810	34,063,115	31,588,485
Other supplies	61,161,915	54,198,256	59,162,048	51,968,335
<b>Total</b>	<b>217,701,976</b>	<b>198,878,672</b>	<b>208,799,234</b>	<b>189,709,546</b>

## 10. INVESTMENTS IN SUBSIDIARIES

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

(Unit: Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
			(%)	(%)						
Bumrungrad Medical Center Ltd.	60,000,000	958,953,608	100.00	100.00	105,858,647	1,691,902,972	75,525,846	545,000,000	30,332,801	1,146,902,972
Vitalife Corporation Ltd.	31,500,000	31,500,000	100.00	100.00	25,610,000	25,610,000	-	-	25,610,000	25,610,000
Asia Global Health Ltd.	21,601,796	21,601,796	100.00	100.00	21,601,796	21,601,796	-	-	21,601,796	21,601,796
Asia Global Research Ltd.	19,999,970	19,999,970	100.00	100.00	19,999,970	19,999,970	-	-	19,999,970	19,999,970
<b>Total</b>					<b>173,070,413</b>	<b>1,759,114,738</b>	<b>75,525,846</b>	<b>545,000,000</b>	<b>97,544,567</b>	<b>1,214,114,738</b>



### Dividend received from a subsidiary

On 29 March 2010, the Company received dividend income amounting to Baht 204.8 million from a subsidiary (Bumrungrad Medical Center Ltd.). The subsidiary's dividend payment was made in accordance with a resolution of the 2010 Annual General Meeting of its shareholder, held on 26 March 2010 which approved the payment of a dividend of Baht 1.71 per share from its retained earnings, or a total of Baht 204.8 million.

### Reduction of share capital of a subsidiary

During the year ended 31 December 2010, a subsidiary (Bumrungrad Medical Center Ltd.) reduced its registered and paid-up share capital as detailed below.

(Unit: Baht)

Share capital reduction No.	Date of approval by the Extraordinary General Meeting of subsidiary	Date of registration of share capital reduction at the Ministry of Commerce	Paid-up share capital (par value at Baht 8 per share)		
			Old	Reduction	New
1	26 August 2010	1 October 2010	958.9	718.9	240.0
2	21 October 2010	29 November 2010	240.0	180.0	60.0

Using the cost method, the share capital reductions of the subsidiary resulted in a loss of Baht 681.5 million, as the investment acquisition cost (Baht 14.11 per share) is higher than the amount per share returned to the shareholders (Baht 8.05 per share). However, the Company reversed the allowance for impairment of investment of Baht 469.5 million, resulting in a net loss incurred from the subsidiary's share capital reduction of Baht 212.0 million presented in the separate income statement for the year ended 31 December 2010.

## 11. INVESTMENT IN JOINT VENTURE

### 11.1 Details of investment in joint venture

Investment in joint venture represents investment in an entity which is jointly controlled by the Company and another company. Details of this investment are as follows:

(Unit: Baht)

Jointly controlled entity	Nature of business	Shareholding percentage		Consolidated financial statements		Separate financial statements	
				Carrying amount based on equity method		Carrying amount based on cost method	
		2010	2009	2010	2009	2010	2009
		(%)	(%)				
Asia Renal Care (Thailand) Co., Ltd.	Investment in other companies	-	51.00	-	7,215,269	-	7,267,470

On 24 February 2010, the Company's Board of Directors Meeting approved the Company to sell all of the shares of Asia Renal Care (Thailand) Co., Ltd., and subsequently on 15 May 2010, the Company signed an agreement to sell the shares to Nephrocare (Thailand) Co., Ltd. subject to the conditions precedent. On 19 July 2010, the parties fulfilled the conditions precedent and the transaction was closed, resulting in a gain on sales of investment of approximately Baht 13.0 million recognised in the consolidated and separate income statements for the year 2010.

### 11.2 Share of loss

During the years, the Company recognised its share of loss from investment in the joint venture in the consolidated financial statements as follows:

(Unit: Baht)

Jointly controlled entity	Share of loss from investment in joint venture during the years	
	2010	2009
Asia Renal Care (Thailand) Ltd.	14,045	17,494

### 11.3 Summarised financial information of jointly controlled entity

Financial information of the jointly controlled entity is summarised below:

(Unit: Million Baht)

Jointly controlled entity	As at 31 December 2009			For the year ended 31 December 2009	
	Paid-up capital	Total assets	Total liabilities	Total revenues	Net loss
Asia Renal Care (Thailand) Co., Ltd.	14.3	19.1	5.0	-	-

## 12. INVESTMENTS IN ASSOCIATED COMPANIES

### 12.1 Details of investments in associated companies

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2010 (%)	2009 (%)	2010	2009	2010	2009
Bumrungrad International Ltd.	Holding company	Thailand	31.50	31.50	1,007,790,600	1,007,790,600	1,200,197,675	1,251,229,927
CDE Trading Ltd.	Temporarily ceased its operation	Thailand	30.00	30.00	21,662,713	21,662,713	(16,017,590)	(23,457,528)
Total					<u>1,029,453,313</u>	<u>1,029,453,313</u>	1,184,180,085	1,227,772,399
Add: Deferred gain on sales of computer software - net							25,712,718	29,385,964
Total							<u>1,209,892,803</u>	<u>1,257,158,363</u>

Deferred gain on sales of computer software is a gain from an associated company's sale of computer software to the Company in 2007, which had been eliminated against investment in the associated company. In 2008, the Company transferred the deferred gain to deduct against the relevant intangible asset (Note 15 to financial statements). The deferred gain is amortised over 10 years, which is the period for which the software is expected to generate economic benefit.

(Unit: Baht)

Company's name	Separate financial statements							
	Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
	2010 (%)	2009 (%)	2010	2009	2010	2009	2010	2009
Bumrungrad International Ltd.	31.50	31.50	1,007,790,600	1,007,790,600	-	-	1,007,790,600	1,007,790,600
CDE Trading Ltd.	30.00	30.00	21,662,713	21,662,713	16,000,000	16,000,000	5,662,713	5,662,713
Total			<u>1,029,453,313</u>	<u>1,029,453,313</u>	<u>16,000,000</u>	<u>16,000,000</u>	<u>1,013,453,313</u>	<u>1,013,453,313</u>

### 12.2 Share of income (loss)

During the years, the Company recognised its share of net income (loss) from investments in associate companies in the consolidated financial statements as follows:

(Unit: Baht)

Company's name	Share of income (loss) from investments in associates during the years	
	2010	2009
Bumrungrad International Ltd.	(42,352,937)	43,173,977
CDE Trading Ltd.	<u>7,439,937</u>	<u>4,087,750</u>
Total	<u>(34,913,000)</u>	<u>47,261,727</u>

### 12.3 Summarised financial information of associated companies

Financial information of the associated companies is summarised below:

(Unit: Million Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Net income (loss) for the years ended 31 December	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Bumrungrad International Ltd.	3,199.3	3,199.3	6,107.3	6,994.8	1,588.1	2,280.6	1,445.8	4,139.0	(116.7)	85.3
CDE Trading Ltd.	10.0	10.0	32.5	19.9	0.1	0.1	13.6	0.2	12.7	(0.5)

On 15 May 2010, Bumrungrad International Holdings (Hong Kong) Ltd (BIHL), which is a wholly-owned subsidiary of Bumrungrad International Ltd. (BIL), entered into a Share Purchase Agreement in relation to the sale of all of the shares of Asia Renal Care Limited (ARC) to Fresenius Medical Care Beteiligungsgesellschaft mbH, a company incorporated in Germany. At that time, ARC was a 100% indirectly-owned subsidiary of BIL. Subsequently, on 19 July 2010, the sales transaction was completed with BIHL realising a loss from the sale of the investment of approximately Baht 227 million. However, as proportionate interests held by the Company, the Company realised a loss from such transaction of approximately Baht 72 million.

### 13. OTHER LONG-TERM INVESTMENTS

(Unit: Baht)

Company's name	Shareholding percentage		Consolidated financial statements		Separate financial statements	
	2010 (%)	2009 (%)	2010	2009	2010	2009
Chantaburi Country Club Co., Ltd.	0.5	0.5	4,500,000	4,500,000	4,500,000	4,500,000
Global Care Solutions S.A.	14.0	14.0	347,213	347,213	347,213	347,213
Bumrungrad Dialysis Center Co., Ltd.	20.0	20.0	200,000	200,000	-	-
<b>Total</b>			5,047,213	5,047,213	4,847,213	4,847,213
Less: Allowance for impairment of investments			(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)
Other long-term investments - net			2,247,213	2,247,213	2,047,213	2,047,213

## 14. PROPERTY, PLANT AND EQUIPMENT

(Unit: Baht)

Consolidated financial statements										
	Land	Land leasehold right and Land improvement	Buildings and construction	Facility systems	Medical accessory equipment	Hospital equipment	Equipment and furniture	Motor vehicles	Assets under construction and installation	Total
Cost										
31 December 2009	588,389,482	34,880,909	3,497,786,669	477,605,668	2,471,869,911	986,504,055	469,089,976	43,794,384	316,426,366	8,886,347,420
Additions	-	-	25,582,421	13,526,489	268,025,548	76,063,314	5,423,106	1,023,990	301,292,380	690,937,248
Disposals	-	-	-	(213,827)	(24,376,710)	(7,091,895)	(5,849,618)	(4,346,385)	-	(41,878,435)
Transfer in (out)	-	-	462,822,746	8,323,780	7,278,149	34,781,999	28,976,609	-	(542,183,283)	-
Reclassified to computer software	-	-	-	-	-	-	-	-	(11,406,236)	(11,406,236)
Write-off	-	-	-	-	-	-	-	-	(1,826,946)	(1,826,946)
31 December 2010	588,389,482	34,880,909	3,986,191,836	499,242,110	2,722,796,898	1,090,257,473	497,640,073	40,471,989	62,302,281	9,522,173,051
Accumulated depreciation										
31 December 2009	-	15,981,912	903,455,274	94,029,463	1,350,834,624	568,312,453	246,549,624	40,241,825	-	3,219,405,175
Depreciation for the year	-	566,421	132,753,065	18,913,447	251,725,928	114,554,250	30,880,811	1,583,939	-	550,977,861
Depreciation on disposals	-	-	-	(72,684)	(20,690,126)	(4,095,344)	(3,677,906)	(4,346,383)	-	(32,882,443)
31 December 2010	-	16,548,333	1,036,208,339	112,870,226	1,581,870,426	678,771,359	273,752,529	37,479,381	-	3,737,500,593
Net book value										
31 December 2009	588,389,482	18,898,997	2,594,331,395	383,576,205	1,121,035,287	418,191,602	222,540,352	3,552,559	316,426,366	5,666,942,245
31 December 2010	588,389,482	18,332,576	2,949,983,497	386,371,884	1,140,926,472	411,486,114	223,887,544	2,992,608	62,302,281	5,784,672,458
Depreciation included in the income statements for the years										
2009										496,841,614
2010										550,977,861

(Unit: Baht)

	Separate financial statements									
	Land	Land leasehold right and land improvement	Buildings and construction	Facility systems	Medical accessory equipment	Hospital equipment	Equipment and furniture	Motor vehicles	Assets under construction and installation	Total
Cost										
31 December 2009	588,389,482	15,563,340	1,887,162,417	452,879,435	2,029,976,431	723,115,752	347,635,172	21,358,627	316,426,363	6,382,507,019
Additions	-	-	963,504,745	13,482,320	263,767,638	75,551,621	5,417,279	1,023,990	301,292,380	1,624,039,973
Disposals	-	-	-	(213,827)	(24,376,710)	(7,086,951)	(5,842,502)	(4,346,385)	-	(41,866,375)
Transfer in (out)	-	-	462,822,746	8,323,780	7,278,149	34,781,999	28,976,609	-	(542,183,283)	-
Reclassified to computer software	-	-	-	-	-	-	-	-	(11,406,236)	(11,406,236)
Adjust	-	-	-	-	-	-	-	-	(1,826,946)	(1,826,946)
31 December 2010	588,389,482	15,563,340	3,313,489,908	474,471,708	2,276,645,508	826,362,421	376,186,558	18,036,232	62,302,278	7,951,447,435
Accumulated depreciation										
31 December 2009	-	8,689,644	186,946,694	61,815,141	892,026,548	337,602,621	149,182,997	17,806,076	-	1,654,069,721
Depreciation for the year	-	459,101	122,540,267	18,781,429	253,860,347	109,216,575	29,985,237	1,583,939	-	536,426,895
Depreciation on disposals	-	-	-	(72,684)	(20,690,126)	(4,094,173)	(3,671,857)	(4,346,383)	-	(32,875,223)
31 December 2010	-	9,148,745	309,486,961	80,523,886	1,125,196,769	442,725,023	175,496,377	15,043,632	-	2,157,621,393
Net book value										
31 December 2009	588,389,482	6,873,696	1,700,215,723	391,064,294	1,137,949,883	385,513,131	198,452,175	3,552,551	316,426,363	4,728,437,298
31 December 2010	588,389,482	6,414,595	3,004,002,947	393,947,822	1,151,448,739	383,637,398	200,690,181	2,992,600	62,302,278	5,793,826,042
Depreciation included in the income statements for the years										
2009										440,198,860
2010										536,426,895

As at 31 December 2010, the Company has mortgaged its land and hospital buildings with a total net book value of Baht 2,328.2 million, as collateral for its credit facilities granted by a local commercial bank. In addition, the Company has mortgaged land with a book value of Baht 290.9 million (Baht 1,365.1 million appraisal fair value as of 28 September 2010) with another local commercial bank, acting as bondholders' trustee, as collateral for the convertible bonds treated as equity securities.

As at 31 December 2009, the Company and the subsidiary (Bumrungrad Medical Center Ltd.) had mortgaged their land and buildings, with a total net book value of Baht 1,973.6 million (Separate financial statements: Baht 1,067.0 million), as collaterals for credit facilities granted by a local commercial bank. In addition, the Company had mortgaged land with a book value of Baht 290.9 million (Baht 567.7 million appraisal fair value as of 25 November 2008) with another local commercial bank, acting as bondholders' trustee, as collateral for the convertible bonds treated as equity securities.

As at 31 December 2010, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 321.4 million (Separate financial statements: Baht 313.5 million) (2009: Baht 332.3 million (Separate financial statements: Baht 330.0 million)).

## 15. INTANGIBLE ASSETS

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Computer software	Total	Computer software	Compensation for business combination	Total
<b>Cost</b>					
31 December 2009	922,783,601	922,783,601	959,255,760	192,927,561	1,152,183,321
Additions	26,447,396	26,447,396	25,872,365	-	25,872,365
Reclassified from equipment	11,406,236	11,406,236	11,406,236	-	11,406,236
31 December 2010	960,637,233	960,637,233	996,534,361	192,927,561	1,189,461,922
<b>Accumulated amortisation</b>					
31 December 2009	266,921,824	266,921,824	274,262,758	65,916,917	340,179,675
Amortisation during the year	44,865,703	44,865,703	44,802,629	-	44,802,629
Realised gain on sales of software during the year	(3,673,246)	(3,673,246)	-	-	-
31 December 2010	308,114,281	308,114,281	319,065,387	65,916,917	384,982,304
<b>Allowance for impairment loss</b>					
31 December 2009	370,232,632	370,232,632	370,232,632	127,010,644	497,243,276
31 December 2010	370,232,632	370,232,632	370,232,632	127,010,644	497,243,276
<b>Net book value</b>					
31 December 2009	285,629,145	285,629,145	314,760,370	-	314,760,370
31 December 2010	282,290,320	282,290,320	307,236,342	-	307,236,342
<b>Amortisation included in the income statements for the years</b>					
2009	42,423,658	42,423,658	42,418,102	-	42,418,102
2010	44,865,703	44,865,703	44,802,629	-	44,802,629

## 16. SHORT-TERM LOAN FROM FINANCIAL INSTITUTION

(Unit: Baht)

Tranche	Interest rate	Due date	Consolidated financial statements		Separate financial statements	
			2010	2009	2010	2009
C (Promissory note)	2.40% p.a.	28 January 2011	100,000,000	190,000,000	100,000,000	190,000,000

As at 31 December 2010 and 2009, short-term loan from financial institution is secured by the same collaterals as the long-term loans from financial institution.

## 17. LONG-TERM LOANS FROM FINANCIAL INSTITUTION

On 25 September 2009, the Company entered into a credit facility agreement with a local commercial bank to obtain credit facilities of Baht 2,820 million, as detailed below.

Tranche	Interest rate (%)	Facility objective	Availability period	Repayment period	Credit facilities (Million Baht)
A	MLR less fixed rate as stipulated in the agreement, monthly payment	To refinance outstanding loans of the Company and a subsidiary	Until 30 November 2009	Repayment in quarterly installments over a period of 5 years (20 installments), in accordance with the proportionate amounts stipulated in the agreement, with a 27-month grace period	1,420
B	MLR less fixed rate as stipulated in the agreement, monthly payment	For renovation of buildings and/or the purchase of medical instruments, hospital equipment and computer software	The first drawdown is to be made no later than 30 December 2009 and availability period runs to 30 December 2011	Repayment in quarterly installments over a period of 5 years (20 installments), in accordance with the proportionate amounts stipulated in the agreement, with a 27-month grace period	800
C	MMR	For working capital of the Company	Until 25 September 2010 and subject to renewal by the bank on an annual basis	Maturity date as stipulated in the promissory note	600

The balances of long-term loans from financial institution as at 31 December 2010 and 2009 are as follows:

(Unit: Baht)

Tranche	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
A	1,420,000,000	1,420,000,000	1,420,000,000	1,420,000,000
B	10,000,000	10,000,000	10,000,000	10,000,000
Total	1,430,000,000	1,430,000,000	1,430,000,000	1,430,000,000

The loans are secured by mortgaged land, buildings and building improvements of the Company and the assignment of the beneficiary rights under the insurance policies for the mortgaged assets to the bank.

The loan agreement contains normal covenants pertaining to matters such as the maintenance of certain financial ratios, and restriction on financial indebtedness and the payment of dividends, among others.

As at 31 December 2010, the Company has credit facilities which have not been drawn down amounting to Baht 1,290.0 million (2009: Baht 1,200.0 million).

## 18. CONVERTIBLE BONDS TREATED AS EQUITY SECURITIES

Convertible bonds treated as equity securities as at 31 December 2010 and 2009 are as follows:

- Partly secured convertible bonds in an amount of Baht 300 million, with a maturity of 12 years, and a coupon rate of 2.5% for years 1 - 4, 5% for years 5 - 8, and 10% for years 9 - 12, payable semi-annually. The current conversion price is Baht 4.55 per one ordinary share. The bondholders have the option to convert the bonds into ordinary shares throughout the life of the bonds. The bonds are secured by the mortgage of the Company's land.
- Partly secured convertible bonds in an amount of Baht 250 million (after conversion by the bondholder of Baht 750 million in the year 2003); with a maturity of 12 years, and a coupon rate of 1% per annum, payable semi-annually. The current conversion price is Baht 3.50 per one ordinary share. The bondholders have the option to convert the bonds into ordinary shares throughout the life of the bonds. The bonds are secured by the mortgage of the Company's land.

On 24 November 2000, an extraordinary meeting of the Company's shareholders passed approval of the amendment to the terms and conditions governing the rights and obligations of the issuer and the bondholders, which gives the Company the option to either redeem the convertible bonds or to convert the bonds into ordinary shares on the maturity date.

According to Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", because the Company has the option to either redeem the convertible bonds or to convert them into ordinary shares on the maturity date, and delivery of equity securities will not be changed by fair value of such equity securities (since the Company determined a certain conversion price), so the convertible bonds are not covered by the definition of financial liabilities and are to be treated as equity securities. In addition, the Company's management expresses their intention to convert these bonds into ordinary shares on the maturity date. Therefore, the whole amounts of the convertible bonds are presented as part of shareholders' equity, and future interest on the bonds will be recorded as a deduction from shareholders' equity.

The Company has reserved 178,571,433 ordinary shares to accommodate the above convertible bonds.

Interest expense for the year 2010 of the convertible bonds amounted to Baht 32.5 million (2009: Baht 32.5 million), being recorded as a reduction to unappropriated retained earnings.

## 19. SHARE CAPITAL

Preference shareholders have the same right as ordinary shareholders except that they are entitled to receive an annual dividend at 15% of preference shares capital prior to the dividend paid to ordinary shareholders. Preference shares can be converted into ordinary shares.

In the first quarter of 2010, 32,850 preference shares (2009: 35,000 shares) were converted into ordinary shares at the ratio of one preference share to one ordinary share. The Company registered this conversion with the Ministry of Commerce on 11 March 2010.

## 20. 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% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

As at 31 December 2010 and 2009, the statutory reserve reaches 10% of the Company's registered capital.

## 21. EXPENSES BY NATURE

Significant expenses by nature are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Salary and wages and other employee benefits	1,684,572,871	1,476,974,397	1,626,375,695	1,443,136,542
Physicians' fee	2,478,397,713	2,327,851,332	2,450,005,517	2,306,945,338
Loss from share capital reduction of a subsidiary	-	-	212,000,000	-
Reversal of allowance for loss on impairment of assets	-	(13,641,982)	-	(13,641,982)
Equipment rental expenses from operating lease agreements	21,743,358	38,906,197	20,625,284	38,522,571
Land and building rental expenses from operating lease agreements	42,229,114	41,183,821	64,429,114	129,983,821



	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Building and equipment maintenance expenses	159,336,824	154,528,433	159,187,821	154,444,647
Advertising and public relation expenses	148,704,486	136,019,561	142,942,913	132,579,076
Medicine, medical supply and other supply consumptions	2,112,397,172	1,993,852,561	2,047,793,407	1,969,071,124

## 22. CORPORATE INCOME TAX

The Company's and subsidiaries' corporate income tax for the years 2010 and 2009 has been calculated at the rate of 30% of net taxable income.

## 23. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by dividing the net income for the year by the sum of the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share.

	Consolidated financial statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2010	2009	2010	2009	2010	2009
	(Baht)	(Baht)	(shares)	(shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Net income	1,258,494,682	1,245,648,440	728,331,112	728,297,760	1.73	1.71
<b>Effect of dilutive potential ordinary shares</b>						
Preference shares	-	-	1,721,110	1,754,462		
Convertible bonds	-	-	137,362,637	137,362,637		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>1,258,494,682</u>	<u>1,245,648,440</u>	<u>867,414,859</u>	<u>867,414,859</u>	1.45	1.44

	Separate financial statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2010	2009	2010	2009	2010	2009
	(Baht)	(Baht)	(shares)	(shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Net income	1,300,201,389	1,204,427,391	728,331,112	728,297,760	1.79	1.65
<b>Effect of dilutive potential ordinary shares</b>						
Preference shares	-	-	1,721,110	1,754,462		
Convertible bonds	-	-	137,362,637	137,362,637		

	Separate financial statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2010	2009	2010	2009	2010	2009

**Diluted earnings per share**

Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares

	<u>1,300,201,389</u>	<u>1,204,427,391</u>	<u>867,414,859</u>	<u>867,414,859</u>	1.50	1.39
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**24. SEGMENT INFORMATION**

The Company's and its subsidiaries' business operations involve a single industry segment, the hospital and health care center, and are carried on in the single geographic area in Thailand. As a result, all of the revenues, operating income and assets reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

**25. PROVIDENT FUND**

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly at the rate of 5% of their basic salaries and the Company or subsidiaries contributed 5% - 7% of basic salary. The fund, which is managed by Bualuang Securities Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2010, the Company and subsidiaries contributed Baht 42.4 million (2009: Baht 38.5 million) to the fund.

**26. DIVIDENDS PAID**

(Unit: Baht)

Dividends	Approved by	Total dividends	Dividends per share
Final dividends for 2009	Annual General Meeting of the shareholders on 28 April 2010	382,503,598	0.45
Interim dividends on operating results for the six-month period ended 30 June 2010	Board of Directors' meeting on 11 August 2010	<u>292,004,709</u>	<u>0.40</u>
Total for 2010		<u>620,508,307</u>	<u>0.85</u>
Final dividends for 2008	Annual General Meeting of the shareholders on 28 April 2009	291,962,389	0.40
Interim dividends on operating results for the six-month period ended 30 June 2009	Board of Directors' meeting on 5 August 2009	<u>291,964,824</u>	<u>0.40</u>
Total for 2009		<u>583,927,213</u>	<u>0.80</u>

**27. COMMITMENTS****27.1 Capital commitments**

As at 31 December 2010, the Company has capital commitments to pay a total of Baht 3.4 million (2009: Baht 197.1 million) in relation to the renovation agreement of building and Baht 31.3 million (2009: Baht 80.4 million) in respect of purchase of medical instruments and hospital equipment.

**27.2 Operating lease and long-term service commitments**

The Company has entered into several lease agreements in respect of the lease of land, buildings, vehicles and equipment and long-term service agreements. The terms of the agreements are generally between 2 and 30 years.

As at 31 December 2010, future minimum payments required under these operating lease agreements and long-term service agreements were as follows.

(Unit: Million Baht)

Details of commitments	Payable within			Total
	Less than 1 year	1 to 5 years	More than 5 years	
1) Fee to a bank which is bondholders' representative	0.3	0.1	-	0.4
2) Nursing dormitory land rental expense (shall be extended for a further period of 30 years)	0.8	6.2	11.1	18.1
3) Lease of land and building for operating service apartment (shall be extended for a further period of 2 years)	31.3	42.3	-	73.6
4) Lease of building for nursing dormitory and related services (shall be renewed automatically)	12.1	11.7	-	23.8
5) Maintenance service fee for medical instruments	76.0	86.6	-	162.6
6) Rental and maintenance service fee for cars	8.0	16.0	-	24.0

### 27.3 Commitments from other contracts

The Company has entered into three equipment utilisation contracts with three local companies. The contracts cover periods of 5 - 7 years and under the conditions of the contracts, the Company is required to purchase medical supplies to use with the medical equipment at the prices specified in the contracts in total throughout the period of those contracts. As at 31 December 2010, there is a minimum amount of Baht 215.4 million (2009: Baht 331.8 million) which the Company requires to purchase according to the contracts.

### 27.4 Uncalled portion of investment in subsidiary

As at 31 December 2010 and 2009, the Company has a commitment of HKD 4.8 million in respect of the uncalled portion of investment in an overseas subsidiary (Asia Global Health Ltd.).

### 27.5 Bank guarantees

As at 31 December 2010 and 2009, there were outstanding bank guarantees of Baht 25.7 million issued by a bank on behalf of the Company. All were required in the normal course of business e.g. payment of utility expenses and space rental.

## 28. FINANCIAL INSTRUMENTS

### 28.1 Financial risk management

The Company's and subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", principally comprise cash and cash equivalents, trade accounts receivable and payable, construction and medical equipment payables, investments, and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### *Credit risk*

The Company and subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and other receivables. The Company and 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 subsidiaries have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivables and other receivables as stated in the balance sheet.

#### *Interest rate risk*

The Company's and its subsidiaries' exposures to interest rate risk relate primarily to their cash at banks and loans from financial institution. However, since most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the current market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2010 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Consolidated financial statements			
	Floating interest rate	Non-interest bearing	Total	Effective interest rate
	(Baht)			(% p.a.)
<u>Financial assets</u>				
Cash and cash equivalents	613,386,585	14,105,598	627,492,183	0.10 - 0.75
Trade accounts receivable - net	-	946,401,265	946,401,265	-
Amounts due from related parties	-	4,674,789	4,674,789	-
	<u>613,386,585</u>	<u>965,181,652</u>	<u>1,578,568,237</u>	
<u>Financial liabilities</u>				
Short-term loan from financial institution	100,000,000	-	100,000,000	MMR
Trade accounts payable	-	555,761,819	555,761,819	-
Construction and medical equipment payables	-	51,045,251	51,045,251	-
Amounts due to related parties	-	193,569	193,569	-
Long-term loans from financial institution	1,430,000,000	-	1,430,000,000	MLR less fixed rate
	<u>1,530,000,000</u>	<u>607,000,639</u>	<u>2,137,000,639</u>	

	Separate financial statements			
	Floating interest rate	Non-interest bearing	Total	Effective interest rate
	(Baht)			(% p.a.)
<u>Financial assets</u>				
Cash and cash equivalents	562,934,693	13,872,695	576,807,388	0.10 - 0.75
Trade accounts receivable - net	-	938,466,900	938,466,900	-
Amounts due from related parties	-	10,533,339	10,533,339	-
Short-term loan to and interest receivable from a related party	19,277,319	-	19,277,319	MLR less 1.00
	<u>582,212,012</u>	<u>962,872,934</u>	<u>1,545,084,946</u>	
<u>Financial liabilities</u>				
Short-term loan from financial institution	100,000,000	-	100,000,000	MMR
Trade accounts payable	-	548,169,438	548,169,438	-
Construction and medical equipment payables	-	51,045,251	51,045,251	-
Amounts due to related parties	-	193,569	193,569	-
Long-term loan from a related party	81,000,000	-	81,000,000	1.16
Long-term loans from financial institution	1,430,000,000	-	1,430,000,000	MLR less fixed rate
	<u>1,611,000,000</u>	<u>599,408,258</u>	<u>2,210,408,258</u>	

**Foreign currency risk**

The Company's exposure to foreign currency risk arises from investment in subsidiary that is denominated in foreign currency. The Company has no forward contracts to reduce the exposure since the Company expects the risk to be minimal. The Company and its subsidiaries do not use foreign currency forward contracts or purchased currency options for trading purposes.

There was no balance of financial assets and liabilities denominated in foreign currencies as at 31 December 2010.

## 28.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature, and borrowings bear floating interest rates, 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.

## 29. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

The Company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in a long-term loan agreement with a financial institution, which requires the Company to maintain a consolidated debt-to-equity ratio of not more than 2:1.

No changes were made in the objectives, policies or processes during the years ending 31 December 2010 and 2009.

## 30. SUBSEQUENT EVENTS

30.1 On 23 February 2011, the Company received the return of share capital amounting to Baht 45.4 million from a subsidiary (Bumrungrad Medical Center Ltd.) as a result of the further reduction of this subsidiary's registered and paid-up share capital by 5.6 million shares at a value of Baht 8.08 each. The subsidiary's share capital reduction was made in accordance with a resolution of the Extraordinary General Meeting of its shareholders, held on 7 January 2011, which approved the reduction of the subsidiary's registered and paid-up share capital from Baht 60.0 million (7.5 million ordinary shares at a par value of Baht 8.0 each) to Baht 15.0 million (1.9 million ordinary shares at a par value of Baht 8.0 each). The subsidiary registered the decrease in its share capital with the Ministry of Commerce on 17 February 2011.

30.2 On 23 February 2011, a meeting of the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of shareholders to be held in April 2011 to adopt a resolution to pay a dividend of Baht 0.90 per share, or a total of Baht 657.0 million, to the shareholders in respect of the 2010 income. The Company already paid an interim dividend of Baht 0.40 per share, or a total of Baht 292.0 million, on 9 September 2010. The remaining dividend of Baht 0.50 per share, or a total of Baht 365.0 million, will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

## 31. RECLASSIFICATIONS

Certain amounts in the financial statements for the year ended 31 December 2009 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		
	Previously reported	Increase (Decrease)	As reclassified	Previously reported	Increase (Decrease)	As reclassified
Interest income	1,612,475	(1,612,475)	-	1,378,590	(1,378,590)	-
Other income	96,859,389	1,612,475	98,471,864	93,013,744	1,378,590	94,392,334

## 32. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2011.

## Other Information

## 1. GENERAL INFORMATION

### 1.1 Company Information

Name :	Bumrungrad Hospital Public Company Limited
Type of Business :	Private hospital
Head Office Address :	33 Sukhumvit Soi 3 (Nana Nua) Sukhumvit Road Klong Toey Nua, Wattana, Bangkok 10110
Registration No. :	0107536000994
Home page :	<a href="http://www.bumrungrad.com">http://www.bumrungrad.com</a>
E-mail address :	<a href="mailto:ir@bumrungrad.com">ir@bumrungrad.com</a>
Telephone :	0 2667 1000
Fax :	0 2667 2525
Registered Capital :	Baht 922,702,685
	Divided into
	Ordinary shares of 920,987,785 shares, par value at Baht 1 per share
	Preferred shares of 1,714,900 shares, par value at Baht 1 per share
Issued and Paid up Capital	Baht 730,052,222
	Divided into
	Ordinary shares of 728,337,322 shares, par value at Baht 1 per share
	Preferred shares of 1,714,900 shares, par value at Baht 1 per share

### 1.2 Entities in which the Company has more than 10% shareholding

Company	Type of Business	Issued and paid up ordinary shares	Shareholding (%)
<b>Bumrungrad Medical Center Limited</b> 33/3 Sukhumvit Soi 3 (Nana Nua) Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110 Phone 0 2667 1000, Fax 0 2667 2525	Dormant	7,500,000 shares	100.0%
<b>Vitalife Corporation Limited</b> 210 Sukhumvit Soi 1, Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110 Phone 0 2667 2340, Fax 0 2667 2341	Wellness Center	315,000 shares	100.0%
<b>Asia Global Research Company Limited</b> 33 Sukhumvit Soi 3 (Nana Nua) Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110 Phone 0 2667 1700, Fax 0 2667 1800	Clinical Research	2,000,000 shares	100.0%
<b>Asia Global Health Limited</b> Room 337, 3rd Floor, South China C.S. Building, 13-17 Wah Sing Street, Kwai Chung, New Territories, Hong Kong Phone (852) 881 8226, Fax (852) 881 0377	Investment in healthcare and related business in Asia	1,220,000 shares	100.0%
<b>Bumrungrad International Limited</b> 33 Sukhumvit Soi 3 (Nana Nua) Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110 Phone 0 2667 1000, Fax 0 2667 2525	International Investment	31,993,367 shares	31.5%

Company	Type of Business	Issued and paid up ordinary shares	Shareholding (%)
<b>CDE Trading Company Limited</b> 33 Sukhumvit Soi 3 (Nana Nua) Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110 Phone 0 2667 1000, Fax 0 2667 2525	Temporarily Dormant Company	100,000 shares	30.0%
<b>Global Care Solutions S.A.</b> 9 Rue Schiller, L-2519 Luxembourg Phone 41 (76) 565 1533, Fax 41 (44) 496 6319	Dormant Company	31,426 shares	14.0%

### 1.3 Reference Persons

<b>1. Auditor</b>	<b>Ernst &amp; Young Office Limited</b> 33rd Floor, Lake Rajada Office Complex, 193/136-137 New Rajadapisek Road, Bangkok 10110 Phone 0 2264 0777, Fax 0 2264 0789-90
<b>2. Legal Consultant</b>	<b>Thai Consultant Limited</b> 63 Soi 8 (Soi Preeda), Sukhumvit Road, Bangkok 10110 Phone 0 2255 2552, Fax 0 2653 1133
<b>3. Share Registrar</b>	<b>Thailand Securities Depository Company Limited</b> 62 The Stock Exchange of Thailand Building, 4th and 6th-7th Floor, Rachadapisek Road, Bangkok 10110 Phone 0 2229 2888, Fax 0 2359 1259
<b>4. Convertible Bonds Registrar</b>	<b>Bumrungrad Hospital Public Company Limited</b> 33 Sukhumvit Soi 3 (Nana Nua), Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110 Phone 0 2667 2025, Fax 0 2667 2031
<b>5. Bondholders' Representative</b>	<b>Thai Military Bank Public Company Limited</b> 3000 Paholyothin Road, Jatujak, Bangkok 10900 Phone 0 2299 1111, 0 2617 9111, Fax 02 299 1784

## 2. FINANCIAL HIGHLIGHTS

### 2.1 Financial Summary (Page 15)

### 2.2 Financial Ratios (Page 15)

## 3. COMPANY PROFILE

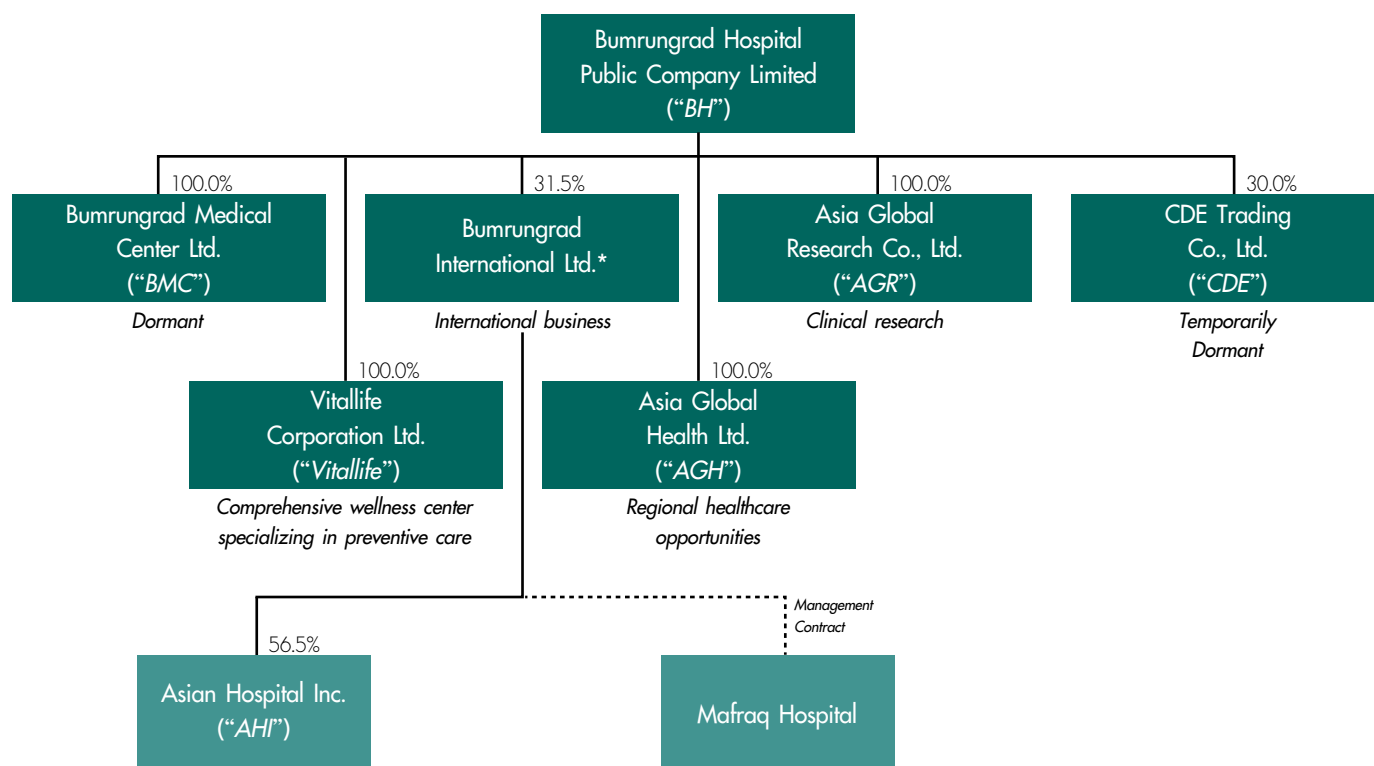
### 3.1 Executive Summary

Bumrungrad Hospital Public Company Limited (the “Company”) operates a private hospital business in Bangkok with the current capacity of 484 beds and over 4,000 outpatients per day. The Company is one of the leading healthcare providers in Thailand and in the Southeast Asian region, providing complete healthcare services for both outpatients and inpatients. The Company has always emphasized the importance of quality healthcare and experienced physicians and staff. Bumrungrad International Hospital, Bangkok is the first hospital in Asia to receive the US standard accreditation from the Joint Commission International (JCI). The hospital has also received JCI’s Clinical Care Program Certification (CCPC) for specialties programs including the Primary Stroke Program, Myocardial Infarction with ST Segment Elevation, Diabetes Mellitus Type I and II and Chronic Kidney Disease Stage I to IV.

The Company is expanding and upgrading its flagship Bangkok facilities to accommodate the increasing demand for private healthcare. In addition, the Company is looking to expand its operations overseas through its 31.5% associated company, Bumrungrad International Limited.



The Company has four 100%-owned subsidiaries, including Bumrungrad Medical Center Limited, Vitallife Corporation Limited, Asia Global Research Company Limited and Asia Global Health Limited, two associated companies, including 31.5%-owned Bumrungrad International Limited and 30%-owned CDE Trading Company Limited, and one related company, which is 14%-owned Global Care Solutions S.A. in Luxemburg. The corporate structure of the Company is as follows:



\* The strategic partners of Bumrungrad International Limited are:

- Istithmar	19.5%
- Temasek	19.5%
- Asia Financial Holdings	19.5%
- Bangkok Bank	10.0%

Note: As at Dec 2010

Details of subsidiaries, affiliated companies and related companies are as follows:

1. **Bumrungrad Medical Center Limited ("BMC")** currently does not have any business activities.
2. **Vitallife Corporation Limited ("Vitallife")** is a pioneer in wellness and anti-aging which provides preventive care services targeted at health-conscious individuals. The Vitallife program brings together experienced medical professionals and world-class technologies to provide customers with customized exercise programs, nutrition plans, and food and vitamin supplements for healthy living. Vitallife is also the center in providing anti-aging services for other wellness clinics.
3. **Asia Global Health Limited ("AGH")** is a company that supports the strategy for regional investment in healthcare and related business.
4. **Asia Global Research Company Limited ("AGR")** is the provider of clinical research, both within Thailand and Southeast Asia. The services include (1) contract research organization ("CRO"), which performs multicenter clinical trials for international biotech, pharmaceutical and device companies, and (2) site management organization ("SMO"), which manages groups of investigational sites to provide quality research and quality data.

5. **Bumrungrad International Limited** is the Company's international investment arm. Bumrungrad International Limited focuses on core business of hospital ownership and hospital management. Bumrungrad International Limited has a 56.5% effective investment in Asian Hospital Inc. ("AHI") in the Philippines as at 31 December 2010. In addition, Bumrungrad International Limited has a four-year management agreement with the Health Authority of Abu Dhabi to operate Mafraq Hospital in Abu Dhabi, United Arab Emirates. Bumrungrad International Limited's strategic partners are Istithmar, an investment arm of the United Arab Emirates government, Temasek of Singapore, Asia Financial Holdings in Hong Kong and Bangkok Bank Public Company Limited. These strategic partners are internationally well known with strong presences in their respective regions, thereby providing important sources of new investment opportunities and referral networks especially in the Middle East and Asia.
6. **CDE Trading Company Limited** (previously Global Care Solutions (Thailand) Company Limited) was a software development company for healthcare business. In December 2007, Global Care Solutions (Thailand) Company Limited completed the sale of its core assets, which was the hospital software, and other assets to the Microsoft Group and changed its name from Global Care Solutions (Thailand) Company Limited to CDE Trading Company Limited. CDE Trading Limited is currently a temporarily dormant company.
7. **Global Care Solutions S.A. ("GCS Luxembourg")** is currently a dormant company.

### 3.2 Revenue Structure

Unit: Baht Million

Product line / Business Group	Operated by	% Shareholding by Company	2010		2009		2008	
			Revenue	%	Revenue	%	Revenue	%
Healthcare	Bumrungrad Hospital Pcl.		9,636	95.7	8,955	95.9	8,552	96.3
Healthcare	Vitalife Corporation Ltd.	100.0	170	1.7	114	1.2	77	0.9
<b>Total Healthcare</b>			<b>9,806</b>	<b>97.4</b>	<b>9,069</b>	<b>97.1</b>	<b>8,629</b>	<b>97.2</b>
Rental	Bumrungrad Hospital Pcl.		130	1.3	132	1.4	128	1.4
<b>Total Rental</b>			<b>130</b>	<b>1.3</b>	<b>132</b>	<b>1.4</b>	<b>128</b>	<b>1.4</b>
Others	Bumrungrad Hospital Pcl.		127	1.3	133	1.4	124	1.4
Others	Bumrungrad Medical Center Ltd.	100.0	-	-	-	-	1	0.0
Others	Asia Global Research Ltd.	100.0	6	0.1	4	0.0	-	-
<b>Total Others</b>			<b>133</b>	<b>1.3</b>	<b>137</b>	<b>1.5</b>	<b>125</b>	<b>1.4</b>
<b>Total</b>			<b>10,069</b>	<b>100</b>	<b>9,338</b>	<b>100</b>	<b>8,882</b>	<b>100</b>

### 3.3 Business Characteristics and Competition

#### Bumrungrad Hospital Public Company Limited (the "Company")

The Company is the operator of Bumrungrad International Hospital, Bangkok, which is the main revenue contributor. As at 31 December 2010, the revenue from hospital operations of the Bangkok facility is 95.7% of total revenues.

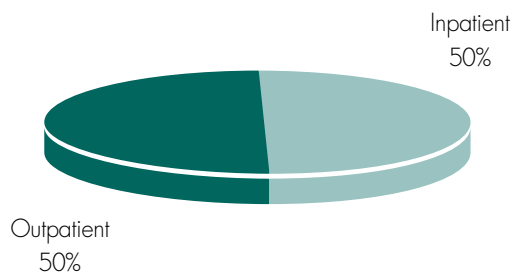
### The Hospital's Services:

The services of Bumrungrad International Hospital, Bangkok can be detailed as follows:

1. Outpatient service has 34 outpatient clinics with 250 examination rooms, and capacity to serve over 4,000 outpatients per day.
2. Licensed capacity for inpatient service totals 538 beds, of which 37 are adult intensive care beds, 14 are cardiac care beds, nine are pediatric intensive care beds and five are level III neonatal intensive care beds. As at 31 December 2010, the hospital has 484 beds in operation.

In 2010, the Company treated a total of over one million patients. The revenue contribution by inpatient and outpatient in 2010 is as follows:

Inpatient and Outpatient (% of total revenue)

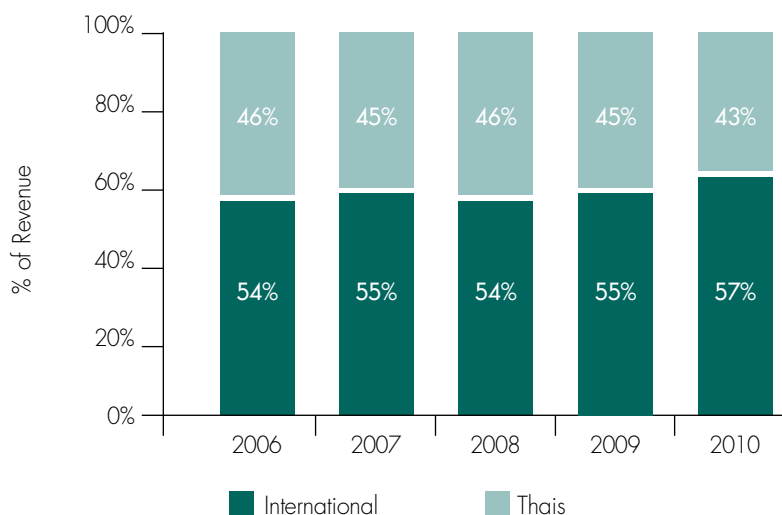


### International Patient Services:

The Company has a strong and successful track record in increasing its presence in the international market. It has an International Patient Services Center to facilitate and accommodate international patients. The services offered include interpreters, international insurance coordination and international medical coordinators, referral center, email correspondence, visa extension counter, embassy assistance, airport reception and travel assistance. In addition, the Company operates two serviced apartments: BH Residence (BH Tower), with 56 fully serviced apartments connected to the hospital, and Bumrungrad Hospitality Suites, with 51 fully serviced apartments for patients and families. The Company also has 18 overseas referral offices in 15 countries.

In 2010, Bumrungrad International Hospital treated over 400,000 international patients from over 200 countries. The top three highest revenue contributors by country continue to be the United Arab Emirates, the United States and Myanmar. The following graph shows the historical revenue contribution of international patients over the past five years.

Thai vs. international patients (% of total revenue)



\* Note: International patients are by nationality and include both expatriates and medical tourists.

### The Bangkok Facility:

At present, the hospital's services are offered in three buildings:

1. Bumrungrad International Clinic Building is a 22-storey outpatient facility, with the first ten floors being used as parking spaces and the top 12 floors as outpatient clinics and ancillary services. The building offers outpatient services only. Currently, five clinic floors are open for service, including the health screening (check-up), heart, medical/surgical clinics, infectious disease, kidney, neurology, pulmonology, rheumatology, urology, and men's centers together with two non-clinic floors for patient services and restaurant. The Bumrungrad International Clinic Building has five floors of outpatient clinics remaining unopened. The Company plans to gradually occupy the five remaining floor of this building, operating four as outpatient clinic floors and one as a new conference and educational center floor.
2. Bumrungrad International Hospital Building offers a combination of inpatient and outpatient services. The licensed capacity for 538 inpatient beds resides within Bumrungrad International Hospital Building, while outpatient services offered in this building include services such as the cancer, dental, digestive disease, children's and women's centers. Major renovations in Bumrungrad International Hospital Building of both the outpatient clinics, including the Women's Center, the Digestive Disease Center, and inpatient rooms were completed on plan by mid-2010. The renovations have taken into consideration patient safety and the needs of patients, doctors and nurses. The Company will continue to expand the service capacity within the hospital building, with the next step of this growth to include the planned addition of over 20 intensive care beds.
3. BH Tower, reacquired in 2008, allows flexibility in the use of space on the Bangkok campus, permitting the shifting of office functions out of the hospital building and into BH Tower to allow expansion of clinical activities as needed. BH Tower houses the hospital's skin center, hospital support services, the Vitallife clinic, and offices. It also houses the BH Residence serviced apartments, retail shops and restaurants, and 7 floors of parking spaces.

### Bumrungrad International Limited

Bumrungrad International Limited, the Company's 31.5% associated company, makes investments in overseas healthcare-related businesses and provides consulting and management services for those businesses. As at 31 December 2010, Bumrungrad International Limited has investments in a hospital in the Philippines and a management contract in Abu Dhabi, United Arab Emirates.

Bumrungrad International Limited has a 56.5% effective investment in Asian Hospital Inc. ("AHI") in the Philippines as at 31 December 2010. AHI commenced operations on 15 March 2002 as the first major private hospital with tertiary care facilities in the southern Luzon corridor of metropolitan Manila. It is a 217-bed hospital, well known for its modern medical equipment and experienced physicians, particularly in cardiology. AHI is in the process of expanding its inpatient and outpatient operating capacity with the development of a 14-storey expansion tower adjacent to the hospital. The new tower is expected to commence operations of selected floors during 2011. Both inpatient and outpatient capacity will be opened as needed.

Bumrungrad International Limited completed the sale of an investment in Asia Renal Care Limited ("ARC"), a 100% indirectly owned subsidiary, in July 2010. The rationale for the sale of ARC was based on regulatory events that impacted growth prospects in Taiwan and Korea, key markets for ARC. In connection with the sale of ARC, the Company sold its 51% stake in Asia Renal Care (Thailand) Co., Ltd. for the same reasons.

Bumrungrad International Limited has a four-year management agreement with the Health Authority of Abu Dhabi to operate Mafrq Hospital in Abu Dhabi, United Arab Emirates. Mafrq Hospital is a public hospital with 463 acute care beds, 33 critical care beds and 14 neonatal intensive care beds. It treated over 280,000 patients, including more than 17,000 inpatients in 2010.

In addition to the existing operations, Bumrungrad International Limited is pursuing other investment opportunities in the region. Its strategic partners, including Istithmar, Temasek, Asia Financial Holdings and Bangkok Bank Public Company Limited, are sources of new investment opportunities and networks in their respective regions, which are the Middle East and Asia.

### Industry and Competition

In general, the demand for healthcare correlates with the growth of GDP and the aging of the population. From time to time, issues such as domestic political unrest and global as well as domestic economic downturns can affect the growth in consumption of private healthcare. With supply of private healthcare facilities in Thailand\* in excess of domestic demand, the competition for Thai patients remains intense.

*\*According to the latest available data provided by publications, there were 344 private hospitals totaling 35,806 beds in Thailand as at 2006, of which 102 hospitals totaling 15,500 beds are in Bangkok*

While the global medical tourism industry is expected to see continued growth, the Company believes that most international demand will arise from patients living within an 8 hour flight of Bangkok. Thailand's regional competitors are hospitals in countries such as Singapore, Malaysia and India. Private hospitals in Thailand have a competitive advantage compared to many other countries, as Thailand has a unique combination of high quality healthcare, accessibility and affordability, coupled with Thailand being a popular tourist destination with a good supporting infrastructure. Within Thailand itself, there are a limited number of private hospitals that have the broad range of specialties and subspecialties, technology and quality of patient care on a single campus, as offered by the Company.

The Company's strategy is to continue building on this advantage in clinical expertise, service capability and patient satisfaction which results in a differentiated product based on quality superiority. Pricing is targeted within the top tier of Thai hospitals, while remaining price competitive in the region, to offer a compelling value proposition.

In the past year, the Company has focused on marketing activities for the domestic market in order to expand its customer base. The activities include advertising on all media including television, radio, newspapers and magazines, in order to promote brand awareness. The Company has also sponsored television programs, newspaper and magazine columns on health-related topics. In addition, the Healthy Living Club membership program, launched in 2008, provides members with discounts and other privileges to encourage loyalty among existing patients as well as attract new patients. Moreover, various activities are organized each quarter, such as health fairs, public seminars, expatriate orientations, and themed exhibitions, as well as the sale of packaged services such as check-ups and vaccinations, in order to attract new customers.

In appealing to international patients, the Company operates in conjunction with 18 overseas referral offices in its major markets and has an International Patient Center to accommodate the needs of international patients, including language and cultural support. The Company is also a tertiary referral center for both domestic and international hospitals.

## 4. RISK FACTORS

### 4.1 Political and macroeconomic factors

In the past year, Thailand's tourism industry was affected by political unrest, particularly in the second quarter. Other external factors affecting the industry from time to time include global and domestic economic downturns and contractions in activity caused by incidents such as flu pandemics. Although medical tourism is not as easily affected as the typical tourism industry as there is often an established relationship between patients and the hospital and physicians, these events could cause a postponement or a reduction in the number of patients traveling to Thailand, and could in turn affect revenues from international patients.

In order to minimize the risk, the Company maintains a balanced portfolio of international and Thai patients so that the Company does not rely excessively on revenue from international patients. In the past year, the Company has focused on marketing activities for the domestic market while continuing to work to attract international patients. As a result, the Thai patient market was a major contributor in terms of volume, at 58% of total volume in 2010.

### 4.2 Intensified competition in the premium healthcare sector

As private hospitals in Thailand and the region continue to develop, competition in the private healthcare sector continues to intensify the risk of losing clients to competitors.

In order to maintain its leading position in Thailand and Asia and to mitigate risk, the Company has focused on continuing to recruit doctors of the highest caliber, invested in up-to-date equipment and information technology, upgraded and expanded both inpatient and outpatient facilities as well as continuously improved its quality of care. The Company's hospital was the first hospital in Asia to receive US standard accreditation from Joint Commission International (JCI). The hospital has also received JCI's Clinical Care Program Certification (CCPC) for specialty programs, including the Primary Stroke Program, Myocardial Infarction with ST Segment Elevation, Diabetes Mellitus Types I and II, and Chronic Kidney Disease Stages I to IV. The hospital was also the first private hospital in Thailand to receive Thai Hospital Accreditation (HA). In 2010, the Company was recognized by third-party organizations for achievements in various areas and received awards including "Prime Minister's Export Award 2010" for Best Service Provider (Hospital Service) and Thailand Tourism Award: "Award of Outstanding Performance in Medically-Oriented Establishment" by the Tourism Authority of Thailand. In addition, the Company has a strong client base of referral patients both from within Thailand and internationally.

### 4.3 Shortage of professional staff

The hospital business requires personnel including nurses, pharmacists and various technicians, with specific technical expertise and knowledge. A shortage of these professionals is partially due to the increasing demand from both the private and public sectors. Given the importance of its international client base, the Company also requires multi-lingual professionals.

In order to minimize the risk, the Company offers competitive compensation and benefits for its staff. The Company also provides education and training, recreation, staff engagement projects and staff welfare activities to all staff members. Through a decentralized management structure, the Company also offers excellent career paths to various categories of staff. In 2010, the Company received the “Best Practice Workplace Award on Labor Relations and Labor Welfare Award 2010” from the Ministry of Labor.

#### 4.4 Risk from interest rate volatility

The Company has loans from local financial institutions. Most of these are long-term loans at floating interest rates; therefore, interest rate volatility could affect the financial performance of the Company.

However, the loan size is small compared to the Company’s equity and assets. Therefore, the Company has limited risk from interest rate volatility. As of 31 December 2010, the Company had a total balance of long-term floating interest rate loans from financial institutions of Baht 1,430 million, accounting for 23.6% of total equity and 15.6% of total assets.

#### 4.5 International investments

Currently Bumrungrad International Limited has an investment in a hospital in the Philippines and a management agreement in Abu Dhabi, United Arab Emirates. Such investment and operations carry the inherent risk of investment and expose the Company to country and currency risk outside Thailand.

To mitigate this risk, Bumrungrad International Limited’s experienced international management team conducts extensive feasibility studies and carries out detailed due diligence using firms with local knowledge before recommending any investment. Risk is also reduced by engaging local equity partners in most overseas investments.

#### 4.6 Legal disputes

The hospital business is subject to litigation risk attended to the provision of healthcare services by hospital staff and physicians.

Therefore, in order to minimize the risk, the Company has implemented a healthcare risk management system to ensure that the risk of mistakes by the Company’s personnel is minimized and corrected. In addition, the Company has various insurance policies in place against possible legal lawsuits.

## 5. SHAREHOLDING STRUCTURE AND MANAGEMENT

### 5.1 Major Shareholders

List of the Company’s ten major shareholders as at 30 December 2010 is as follows:

Shareholder	Number of shares*	Shareholding** (%)
1. Bangkok Insurance Pcl.	96,122,002	13.17
2. Thai NVDR Co., Ltd.	80,057,707	10.97
3. Sinsuptawee Asset Management Co., Ltd.	63,258,514	8.66
4. UOB Kay Hian (Hong Kong) Limited - Client Account	58,363,690	7.99
5. Littledown Nominees Limited 9	43,774,600	6.00
6. BNP Paribas Securities Services Luxembourg	28,660,200	3.93
7. Wattanasophonpanich Co., Ltd.	25,121,875	3.44
8. Raffles Nominees (Pte) Limited***	22,855,871	3.13
9. Citibank Nominees Singapore Pte. Ltd. - Aranda Investments Pte. Ltd.	21,070,872	2.89
10. State Street Bank and Trust Company for London	17,282,763	2.37
<b>Total</b>	<b>456,568,094</b>	<b>62.54</b>

\* Number of shares includes both preferred shares and common shares

\*\* The calculation of holding percentage includes both preferred shares and ordinary shares

\*\*\* Raffles Nominees (Pte) Limited is the custodian of TLS Alpha Pte. Ltd., the representative of Temasek. 21,685,371 shares held by Raffles Nominees (Pte) Limited belong to TLS Alpha Pte. Ltd.

The Company has shareholders in the top ten major shareholders list who are foreign financial institutions or custodians acting as trust companies or nominee accounts. Except for Citibank Nominees Singapore Pte. Ltd. - Aranda Investments Pte. Ltd. and Raffles Nominees (Pte) Limited, the custodian of TLS Alpha Pte. Ltd., which are representatives of Temasek, the Company has no knowledge of the ultimate shareholders of these companies as these shareholders have never nominated their representatives to serve on the Board of Directors nor taken part in the management of the Company.

### Shareholders with significant influence on the policies or management of the Company

Istithmar and Temasek, who have been major shareholders in the past (directly or through their affiliates), have historically held, in aggregate, one rotating board seat. The Company was informed that through a series of transactions in 2010 and January 2011, both shareholders (directly or through their affiliates) had divested all of their shares in the Company.

## 5.2 Management

### (1) Management Structure

The Company has five sets of committees, which are the Company's Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, the Governing Board of Bumrungrad International Hospital, Bangkok and the Investment Committee. Details of each committee are as follows:

#### Board of Directors

The Company's Board of Directors as at 31 December 2010 consists of the following:

- |     |                |                 |   |
|-----|----------------|-----------------|---|
| 1.  | Mr. Chai       | Sophonpanich    | Chairperson   |
| 2.  | Dr. Chanvit    | Tanhiphat, MD   | Vice Chairperson, Member of the Nomination and Remuneration Committee                             |
| 3.  | Mrs. Linda     | Lisahapanya     | Director, Managing Director   |
| 4.  | Dr. Dhanit     | Dheandhanoo, MD | Director, Chairperson of the Medical Board  |
| 5.  | Mr. Chong      | Toh             | Director, Member of the Nomination and Remuneration Committee                                     |
| 6.  | Dr. Jennifer   | Lee, MD         | Director  |
| 7.  | Dr. Sinn       | Anuras, MD      | Director, Group Medical Director  |
| 8.  | Ms. Sophavadee | Uttamobol       | Director, Chairperson of the Audit Committee  |
| 9.  | Mr. Soradis    | Vinyaratn       | Director, Member of the Audit Committee   |
| 10. | Mr. Boonpakorn | Chokwathana     | Director, Member of the Audit Committee, Chairperson of the Nomination and Remuneration Committee |
| 11. | Mrs. Aruni     | Kettratad       | Director  |

Mr. Kittiphan Leepipatanawith, Company Secretary, is the secretary of the Board of Directors.

#### Legal Binding of the Company

Any two authorized directors, except Mr. Chong Toh, sign and affix the Company's seal.

#### Term of Directors

At the annual general meeting of shareholders, one-third of the directors shall retire from office. If the number of directors is not a multiple of three, then the number nearest to one-third shall retire from office. Retiring directors shall be those who have served longest in office. Those who retire by rotation are eligible for re-election.

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

The duties and responsibilities of the Board of Directors, which are described in the Board of Directors' Charter, are as follows:

1. To perform duties in accordance with the laws, the Company's objectives and regulations, and resolutions of the shareholders' meeting, in good faith and with care for the best interest of the Company.
2. To establish the Company's vision, directions and strategies, with the aim to maximize long-term shareholders' value.
3. To endorse major strategies and policies, including objectives, business plans, financial targets, operating plans and capital expenditure budgets, as proposed by management, and to monitor and ensure the implementation and follow up on the outcome.
4. To establish the Corporate Governance Manual and the Company's Code of Ethics, and to monitor and ensure communication and implementation of such policies and guidelines, to approve amendments as appropriate, and to report in the annual report.
5. To ensure proper systems for corporate accounting, financial reporting and financial auditing; to ensure that the Company has an effective internal control, internal audit and risk management system, which should be reviewed annually, and to assign the internal audit department to independently audit and report on the system.
6. To approve quarterly and annual financial reports; to ensure that they are correct, accurate, credible, in compliance with generally accepted accounting standards and report to shareholders in the annual report.
7. To monitor, supervise and approve, as the case may be, and to ensure transparency in the transactions which are connected transactions and may cause conflict of interest, and to set clear guidelines on the approval and disclosure process of transactions with conflict of interest.
8. To set and appoint committees as appropriate to help pursue, study in detail, monitor and oversee matters of importance as assigned, and to approve their charters which include their duties and responsibilities and determine their remuneration.

### Audit Committee

The Company's Audit Committee as at 31 December 2010 comprises the following:

- |    |                |             |                                    |
|----|----------------|-------------|------------------------------------|
| 1. | Ms. Sophavadee | Uttamobol   | Chairperson of the Audit Committee |
| 2. | Mr. Soradis    | Vinyaratn   | Member of the Audit Committee      |
| 3. | Mr. Boonpakorn | Chokwathana | Member of the Audit Committee      |

Mrs. Tawichar Tansathit is the secretary of the Audit Committee.

Ms. Sophavadee Uttamobol is the Audit Committee member that has the knowledge and experience in reviewing the Company's financial statements.

### Term of the Audit Committee

The Audit Committee has a term of three years. Members of the Audit Committee may be re-elected upon expiration of the term.

### Duties and Responsibilities of the Audit Committee

The duties and responsibilities of the Audit Committee, as described in the Audit Committee's Charter, are as follows:

1. To review the financial reports of the Company to ensure accuracy and sufficiency.
2. To review the Company's internal control system, internal audit system and risk management system to ensure appropriateness and efficiency and to consider the independence of the internal audit function, including giving consent to the appointment, rotation or termination of the chief internal audit unit or another function responsible for internal auditing.
3. To review the Company's compliance with the laws governing securities and exchange, including rules and regulations prescribed by the Stock Exchange of Thailand and other laws related to the conduct of the Company's business.
4. To consider, select and propose the appointment of an independent party as the Company's external auditor, to propose the audit fees, and to meet with the external auditor without the presence of management at least once a year.
5. To consider related parties' transactions or transactions which may have conflict of interest, to be in accordance with the Stock Exchange of Thailand's rules and regulations, to ensure that such transactions are reasonable and are for the best benefits of the Company.
6. To prepare the report of the Audit Committee to be disclosed in the Company's annual report. The report must be signed by the Chairperson of the Audit Committee and must contain at least the following details:
  - 6.1 Opinion on the accuracy, sufficiency and credibility of the Company's financial statements.
  - 6.2 Opinion on the sufficiency of the Company's internal control system.
  - 6.3 Opinion on the Company's compliance with the laws governing securities and exchange and rules and regulations prescribed by the Stock Exchange of Thailand and other laws related to the conduct of the Company's business.
  - 6.4 Opinion on the appropriateness of the external auditor.
  - 6.5 Opinion on transactions which may have conflict of interest.
  - 6.6 Number of Audit Committee meetings and the attendance of each Committee member.
  - 6.7 Opinion and observations that the Audit Committee received from performing its duties according to this charter.
  - 6.8 Other transactions deemed appropriate to be disclosed to shareholders and investors and are within the Audit Committee's authorities and responsibilities as assigned by the Board of Directors.
7. To investigate immediately in case the external auditor notifies the Committee of fraud cases in the Company, and to report the result of the preliminary investigation to the Securities and Exchange Commission and the external auditor within 30 days after receiving the written notice from the external auditor.
8. To have at least one Audit Committee member attend the Board of Directors' meeting every time that there is an agenda on approval of financial reports.
9. To meet with the Company's legal department regularly, and to consult with external lawyers as necessary.
10. To perform other duties as assigned by the Board of Directors and with the consent of the Audit Committee.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee as at 31 December 2010 comprises the following:

- |    |                |                |             |
|----|----------------|----------------|-------------|
| 1. | Mr. Boonpakorn | Chokwathana    | Chairperson |
| 2. | Dr. Chanvit    | Tanphiphat, MD | Member      |
| 3. | Mr. Chong      | Toh            | Member      |

Mr. Kittiphan Leepipatanawith, Company Secretary, is the secretary of the Nomination and Remuneration Committee.



#### Term of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has a term of three years. Members of the Nomination and Remuneration Committee may be re-elected upon expiration of the term.

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

The duties and responsibilities of the Nomination and Remuneration Committee, in accordance with the Nomination and Remuneration Committee's Charter, are as follows:

- a) Nomination
  1. To consider the appropriate size, composition and term of the Board of Directors.
  2. To consider and recommend whether there should be a retirement age for directors, and to recommend to the Board of Directors the directors' retirement age.
  3. To formulate and review qualifications of directors and members of the Committees.
  4. To propose and review candidates for the director position in case of vacancies or for any other reasons, including collecting a list of candidates nominated by shareholders, to be approved by the Board of Directors and/or Shareholders' Meeting, as the case may be.
  5. To consider and propose qualified directors to become members of a Committee when there is a vacancy.
- b) Remuneration
  1. To determine the procedures and criteria for fair and reasonable compensation for directors and Committee members.
  2. To recommend remuneration for directors and Committee members, including remuneration of the Nomination and Remuneration Committee members, to the Board of Directors and/or Shareholders' Meeting, as the case may be.
  3. To implement a process for assessing the performance of the Board of Directors and Committees, including proposing their Performance Evaluation Form.
- c) To perform other duties relevant to the Nomination and Remuneration Committee as may be assigned by the Board of Directors.

#### **Governing Board of Bumrungrad International Hospital, Bangkok**

The Governing Board of Bumrungrad International Hospital, Bangkok as at 31 December 2010, comprises the following:

1.	Dr. Chanvit	Tanphiphat, MD	Chairman
2.	Mr. James Matthew	Banner	Secretary
3.	Dr. Chamaree	Chuapetcharasopon, MD	Member
4.	Dr. Oradee	Chandavas, MD	Member
5.	Dr. Rujapong	Sukhabote, MD	Member
6.	Dr. Sira	Sooparb, MD	Member
7.	Ms. Sophavadee	Uttamobol	Member
8.	Dr. Vatana	Supromajakr, MD	Member
9.	Dr. Visuit	Vivekaphirat, MD	Member
10.	Dr. Sinn	Anuras, MD	Ex officio
11.	Mrs. Lee Chan	Yow	Ex officio
12.	Ms. Karen	Carter	Ex officio

#### Term of the Governing Board

The Governing Board has a term of two years. Members of the Governing Board may be re-elected upon expiration of the term.

#### Duties and Responsibilities of the Governing Board

The Governing Board has the objective to recommend and implement the Hospital Policy, promote patient safety and performance improvement, provide quality patient care and provide for organizational management and planning of the Hospital. The Governing Board has the scope of duties and responsibilities in accordance with Governing Board By-laws, Rules and Regulations of Bumrungrad International Hospital, Bangkok as follows:

1. To organize physicians and other practitioners granted clinical privileges at the Hospital into a medical staff under Professional Staff By-laws, Rules and Regulations approved by the Governing Board.
2. To appoint and re-appoint Medical Staff members and assign clinical privileges in accordance with Professional Staff By-laws, Rules and Regulations.
3. To establish and amend, together with the Medical Staff, and approve Professional Staff By-laws, Rules and Regulations which set forth its organization and governance.

4. To assign to the Medical Staff reasonable authority to ensure appropriate professional care to Hospital patients, including to direct that all reasonable and necessary steps be taken by the Medical Staff and Hospital administration for meeting JCI and HA accreditation standards and complying with applicable laws and regulations.

#### **Investment Committee**

The Company's Investment Committee as at 31 December 2010 comprises the following:

- |    |                |              |             |
|----|----------------|--------------|-------------|
| 1. | Mr. Chai       | Sophonpanich | Chairperson |
| 2. | Mrs. Linda     | Lisahapanya  | Member      |
| 3. | Mr. Chong      | Toh          | Member      |
| 4. | Ms. Sophavadee | Uttamobol    | Member      |

\* On 23 February 2011 Mr. Dennis Michael Brown was appointed as investment committee's member.

#### Term of the Investment Committee

The Investment Committee has a term of three years. Members of the Investment Committee may be re-elected upon expiration of the term.

#### Duties and Responsibilities of the Investment Committee

The duties and responsibilities of the Investment Committee, in accordance with the Investment Committee's Charter, are as follows:

1. To consider investment opportunities, their appropriateness and feasibilities, and investment structure of each investment project. Investment projects include the Company's annual capital expenditure, expansion and renovation of the Bangkok hospital facilities, investment and/or joint venture by the Company, subsidiary or affiliate, in new projects, businesses or companies both within Thailand and abroad.
2. To consider the financial status of the Company in order to evaluate the Company's investment capacity.
3. To recommend investment projects which have been considered by the Investment Committee to the Board of Directors for approval.
4. To perform other duties relevant to the Investment Committee as may be assigned by the Board of Directors.

#### **Management**

The Company's Management as at 31 December 2010 consists of the following:

- |    |                    |                       |   |
|----|--------------------|-----------------------|---|
| 1. | Mrs. Linda         | Lisahapanya           | Managing Director   |
| 2. | Dr. Dhanit         | Dheandhanoo, MD       | Chairperson of the Medical Board                                    |
| 3. | Mr. Dennis Michael | Brown                 | Corporate Chief Executive Officer                                   |
| 4. | Dr. Sinn           | Anuras, MD            | Group Medical Director  |
| 5. | Dr. Chamaree       | Chuapetcharasopon, MD | Medical Director, Bumrungrad International Hospital, Bangkok        |
| 6. | Mr. James Matthew  | Banner                | Chief Executive Officer, Bumrungrad International Hospital, Bangkok |
| 7. | Mrs. Lee Chan      | Yow                   | Chief Financial Officer, Bumrungrad International Hospital, Bangkok |
| 8. | Ms. Karen          | Carter                | Chief Operating Officer, Bumrungrad International Hospital, Bangkok |

#### Management's authority to approve the capital expenditure

Managing Director is the highest-ranking corporate executive of the management authorized by the Board of Directors to approve for all budgeted capital expenditure or project up to Baht 40 million per capital expenditure or project.

## Details of Management and Controlling Parties

### Directors

#### Mr. Chai Sophonpanich

- Chairperson of the Board of Directors

Age: 67

Education:

- Bachelor of Science, University of Colorado, USA
- Advanced Management Program, The Wharton School, University of Pennsylvania, USA
- The Joint State - Private Sectors Course, Class 6, The National Defense College of Thailand
- Director Certification Program, Class 16/2002, Thai Institute of Directors
- Chairman 2000, Class 10/2004, Thai Institute of Directors

Shareholding\*: 1.09%

Family Relationship between Management:

- Spouse of Mrs. Linda Lisahapanya's sister
- Father of Mr. Chong Toh's spouse

Work Experience:

- 2010 – Present  
Chairman and Chief Executive Officer, Bangkok Insurance Pcl.
- 1986 – Present  
Chairman, Charoong Thai Wire & Cable Pcl.
- 1988 – Present  
Chairman, Furukawa Metal (Thailand) Pcl.
- 1968 – Present  
Director, Bangkok Life Assurance Pcl.
- 1968 – Present  
Vice Chairman, Thai Reinsurance Pcl.

#### Professor Emeritus Chanvit Tanphiphat, MD

- Vice Chairperson of the Board of Directors
- Member of the Nomination and Remuneration Committee

Age: 67

Education:

- MB ChB (Bachelor of Medicine and Bachelor of Surgery), Leeds University, United Kingdom
- FRCS (Fellowship of the Royal College of Surgeons of Edinburgh), United Kingdom

Shareholding\*: 0.07%

Family Relationship between Management: None

Work Experience:

- Professor Emeritus, Department of Surgery, Faculty of Medicine, Chulalongkorn University

#### Mrs. Linda Lisahapanya

- Director
- Managing Director

Age: 58

Education:

- Master of Finance, University of Illinois, USA
- Director Certification Program, Class 78/2006, Thai Institute of Directors

Shareholding\*: 0.01%

Family Relationship between Management:

- Sister of Mr. Chai Sophonpanich's spouse

Work Experience:

- Managing Director, Bumrungrad Hospital Pcl.

#### Clinical Professor Emeritus Dhanit Dheandhanoo, MD

- Director
- Chairperson of the Medical Board

Age: 74

Education:

- Doctor of Medicine, Mahidol University
- Board Certification: Neurosurgery, United Kingdom

Shareholding\*: 0.00%

Family Relationship between Management: None

Work Experience:

- Clinical Professor Emeritus, Director, Neurosurgery Unit, Department of Surgery, Faculty of Medicine, Ramathibodi Hospital, Mahidol University

\* Shareholding as at 30 December 2010, including both preference and ordinary shares, and shares held by spouse and minors.

**Mr. Chong Toh**

- Director
- Member of the Nomination and Remuneration Committee

Age: 42

Education:

- Master of Science in Management, Massachusetts Institute of Technology, USA
- Bachelor of Arts in Philosophy, Politics and Economics, Oxford University, United Kingdom
- Director Accreditation Program, Class 54/2006, Thai Institute of Directors

Shareholding\*: 0.05%

Family Relationship between Management:

- Spouse of Mr. Chai Sophonpanich's daughter

Work Experience:

- 2005 – Present  
Executive Vice President, International Banking Group, Bangkok Bank Pcl.
- 2005 – Present  
Executive Chairman, Bualuang Securities Pcl.
- 2001 – Present  
Director, Bualuang Securities Pcl.
- 2000 – Present  
Director, Asia Cement Pcl.
- 2001 – 2005  
President, Bualuang Securities Pcl.
- 1999 – 2005  
Director, Bualuang Finance Co., Ltd.
- 2000 – 2001  
President, Bualuang Finance Co., Ltd.

**Dr. Jennifer Lee, MD**

- Director

Age: 58

Education:

- Doctor of Medicine, University of Singapore

Shareholding\*: -

Family Relationship between Management: None

Work Experience:

- 2009 – Present  
Chairman, Agency for Integrated Care
- 2000 – Present  
Director, Eu Yan Sang International Ltd., Singapore
- 2006 – Present  
Director, Health Sciences Authority, Singapore
- 2004 – Present  
Corporate Advisor, Temasek Holdings (Pte.) Ltd., Singapore
- 1999 – 2004  
Member of the Parliament of the Republic of Singapore
- 1991 – 2004  
Chief Executive Officer, KK Women's & Children's Hospital, Singapore
- 1988 – 1991  
Chief Operating Officer, Singapore General Hospital, Singapore

**Professor Sinn Anuras, MD**

- Director
- Group Medical Director

Age: 69

Education:

- Doctor of Medicine, Chulalongkorn University
- Board Certifications:
  - American Board of Internal Medicine
  - American Board of Gastroenterology

Shareholding\*: 0.01%

Family Relationship between Management: None

Work Experience:

- 1987 – 1994  
Professor and Vice Chairperson of Medical Affairs, University Medical Center, Lubbock, Texas, USA

\* Shareholding as at 30 December 2010, including both preference and ordinary shares, and shares held by spouse and minors.

**Ms. Sophavadee Uttamobol**

- Director
- Chairperson of the Audit Committee

Age: 50

Education:

- Master of Business Administration, Chulalongkorn University
- Director Accreditation Program, Class 5/2003, Thai Institute of Directors
- Audit Committee Program, Class 2/2004, Thai Institute of Directors
- Role of Chairman Program, Class 14/2006, Thai Institute of Directors

Shareholding\*: -

Family Relationship between Management: None

Work Experience:

- 2001 – Present  
Director, S&P Syndicate Pcl.
- 1991 – Present  
Legal Consultant, Dhamrongtham Law Office

**Mr. Soradis Vinyaratn**

- Director
- Member of the Audit Committee

Age: 71

Education:

- Bank Management, City of London College of Banking, London, United Kingdom
- Director Accreditation Program, Class CP/2005, Thai Institute of Directors

Shareholding\*: -

Family Relationship between Management: None

Work Experience:

- 2010 – Present  
Independent Director Dusit Thani Pcl.
- 1982 – 2001  
Vice Chairperson, Landmark Hotel Group
- 1957 – 1990  
Executive Vice President, Bangkok Bank Pcl.

**Mr. Boonpakorn Chokwathana**

- Director
- Member of the Audit Committee
- Chairperson of the Nomination and Remuneration Committee

Age: 76

Education:

- Assumption Commercial College
- Bachelor's Degree of Economics, University of Nottingham, United Kingdom
- Director Certification Program, Class 68/2005, Thai Institute of Directors
- Director Accreditation Program, Class 3/2003, Thai Institute of Directors
- Role of Compensation Committee Program, Class 7/2008, Thai Institute of Directors

Shareholding\*: 0.04

Family Relationship between Management: None

Work Experience:

- Chairperson, New City (Bangkok) Pcl.
- Chairperson, Dr. Thiam Chokwatana Foundation
- Vice Chairperson, Saha Pathanapibul Pcl.
- Vice Chairperson, Saha Pathana Inter-Holding Pcl.
- Director, IT City Pcl.

**Mrs. Aruni Kettratad**

- Director

Age: 63

Education:

- Master of Business Administration, University of Portland, Oregon, USA

Shareholding\*: -

Family Relationship between Management: None

Work Experience:

- 2009 – Present  
Managing Director, AA Talent Recruitment Co., Ltd.
- 2006 – 2008  
Freelance consultant in HR management services
- 1987 – 2005  
Partner-in-Charge, Recruitment & Human Resources Consulting Department, Ernst & Young, Thailand

\* Shareholding as at 30 December 2010, including both preference and ordinary shares, and shares held by spouse and minors.

## Management

### Mrs. Linda Lisahapanya

- Director
- Managing Director

Age: 58

Education:

- Master of Finance, University of Illinois, USA
- Director Certification Program, Class 78/2006, Thai Institute of Directors

Shareholding\*: 0.01%

Family Relationship between Management:

- Sister of Mr. Chai Sophonpanich's spouse

Work Experience:

- Managing Director, Bumrungrad Hospital Pcl.

### Clinical Professor Emeritus Dhanit Dheandhanoo, MD

- Director
- Chairperson of the Medical Board

Age: 74

Education:

- Doctor of Medicine, Mahidol University
- Board Certification: Neurosurgery, United Kingdom

Shareholding\*: 0.00%

Family Relationship between Management: None

Work Experience:

- Clinical Professor Emeritus, Director, Neurosurgery Unit, Department of Surgery, Faculty of Medicine, Ramathibodi Hospital, Mahidol University

### Mr. Dennis Michael Brown

- Member of investment committee
- Corporate Chief Executive Officer

Age: 56

Education:

- Executive Program, Graduate School of Business, Stanford University
- Bachelor's Degree in Chemistry, Valparaiso University, USA
- Master of Business Administration in Health and Hospital Administration, University of Florida, USA

Shareholding\*: -

Family Relationship between Management: None

Work Experience:

- 2006 – Present  
Chief Executive Officer, Bumrungrad International Limited
- 2004 – 2006  
Chief Operating Officer, Bumrungrad International Hospital, Bangkok
- 1980 – 1984, 1985 – 2003  
Senior Vice President, Operations, Northern Region, Tenet Healthcare Corporation, USA
- Chief Executive Officer, Australian Medical Enterprises, Australia
- Chief Executive Officer, Mount Elizabeth Hospital, Ltd., Singapore

### Professor Sinn Anuras, MD

- Director
- Group Medical Director

Age: 69

Education:

- Doctor of Medicine, Chulalongkorn University
- Board Certifications:
  - American Board of Internal Medicine
  - American Board of Gastroenterology

Shareholding\*: 0.01%

Family Relationship between Management: None

Work Experience:

- 1987 – 1994  
Professor and Vice Chairperson of Medical Affairs, University Medical Center, Lubbock, Texas, USA

\* Shareholding as at 30 December 2010, including both preference and ordinary shares, and shares held by spouse and minors.

**Dr. Chamaree Chuapetcharasopon, MD**

- Medical Director, Bumrungrad International Hospital, Bangkok

Age: 56

Education:

- Doctor of Medicine, Faculty of Medicine, Ramathibodi Hospital, Mahidol University
- Board Certification: General Radiology, Thailand
- Fellowships:
  - Vascular and Interventional Radiology, USA
  - Body Imaging, USA

Shareholding\*: -

Family Relationship between Management: None

Work Experience:

- 1998 – Present  
Executive Committee, Royal College of Radiologists of Thailand
- 1998 – 2009  
Consultant Radiologist, National Cancer Institute
- 1986 – 1995  
Instructor, Department of Radiology, Faculty of Medicine, Ramathibodi Hospital, Mahidol University

**Mr. James Matthew Banner**

- Chief Executive Officer, Bumrungrad International Hospital, Bangkok

Age: 62

Education:

- Master's Degree in Health Services Administration, Medical College of Virginia, USA

Shareholding\*: -

Family Relationship between Management: None

Work Experience:

- BUPA Health Care Asia (previously VISTA)
- Director and Chief Executive Officer, Subang Jaya Medical Centre, Kuala Lumpur, Malaysia

**Mrs. Lee Chan Yow**

- Chief Financial Officer, Bumrungrad International Hospital, Bangkok

Age: 56

Education:

- Bachelor's Degree, Victoria University of Wellington, New Zealand
- Director Certification Program, Class 78/2006, Thai Institute of Directors

Shareholding\*: 0.00%

Family Relationship between Management: None

Work Experience:

- 1994 – 1996  
General Manager, Finance, Parkway Health Group
- 1987 – 1994  
Chief Financial Officer, Mount Elizabeth Hospital Ltd., Singapore
- 1984 – 1986  
Chief Accountant, Scott Holding (S) Pte. Ltd.

**Ms. Karen Carter**

- Chief Operating Officer, Bumrungrad International Hospital, Bangkok

Age: 54

Education:

- Master of Political Science, Johns Hopkins University, Maryland, USA

Shareholding\*: -

Family Relationship between Management: None

Work Experience:

- Managing Director, BUPA Insurance (Thailand)

\* Shareholding as at 30 December 2010, including both preference and ordinary shares, and shares held by spouse and minors.

## Details of Directorships in Subsidiaries and Related Companies

Directors	Companies	Subsidiaries			Associated Companies
	Bumrungrad Medical Center Limited	Vitalife Corporation Limited	Asian Global Health Company Limited	Asian Global Research Company Limited	Bumrungrad International Limited
1. Mr. Chai Sophonpanich	X	X			
2. Dr. Chanvit Tanphiphat, MD	/				
3. Mrs. Linda Lisahapanya	//	/	X	/	/
4. Dr. Dhanit Dheandhanoo, MD	//				
5. Dr. Sinn Anuras, MD	//	/		X	
6. Mr. Chong Toh	/				/
7. Mr. Boonpakorn Chokwathana	/				
8. Mr. James Matthew Banner		/			
9. Mrs. Lee Chan Yow		/	/		
10. Mr. Sayed Shuja Ali					/
11. Dr. Jennifer Lee, MD					/
12. Mr. Bernard Charnwut Chan					/

Notes:

1. / = Director X = Chairman // = Management
2. CDE Trading Company Limited [previously Global Care Solutions (Thailand) Company Limited] and Global Care Solutions S.A. are not shown in the above table as no director/management of the Company holds the position of director, chairman or management in CDE Trading Company Limited and Global Care Solutions S.A.

## (2) Election of Directors and Management

The Nomination and Remuneration Committee has the responsibility to select and nominate candidates to replace directors and members of committees whose terms have expired, or for any other reasons, including to consider candidates proposed by shareholders, and to propose to the Board of Directors to approve or to recommend to shareholders' meetings of such appointment. The Nomination and Remuneration Committee is responsible for considering qualifications of candidates, taking into account their knowledge, abilities, experience which will be beneficial to the Company, their leadership skills, visions, ethical values, and their independence in making professional decisions, and for ensuring that the candidates possess the qualifications as stipulated in the Board of Directors' Charter.

The process for electing directors in a shareholders' meeting is in accordance with the following rules and principles:

1. Each shareholder has one vote for one share.
2. The election of directors may be either by voting for each individual director, or by voting for a group of directors, whichever way the shareholders' meeting deems appropriate. For each resolution, each shareholder must exercise all of his/her votes for one individual director or for one group of directors. Votes by each shareholder may not be split between any directors or any groups of directors.
3. The election passes with the majority of the votes. If the number of votes is equal, the chairperson of the meeting has the final vote.



The process for selection of independent directors is the same as that of directors and management. Qualifications of independent directors are as follows:

1. Holds shares not more than one percent of total shares with voting rights of the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person, inclusive of the shares held by related persons of such independent director.
2. Is not an executive director, employee, staff, advisor with salary, or controlling person of the Company, the Company's parent company, subsidiary company, associate company, subsidiary company of the same level, major shareholder or controlling person (at present and two years prior to the appointment).
3. Is not related, whether by blood or legal registration as father, mother, spouse, sibling and child, including spouse of children, with the management, major shareholder, controlling person or those who will be nominated as management or controlling person of the Company or subsidiary.
4. Does not have a business relationship with the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither is a significant shareholder nor controlling person of any person having a business relationship with the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person (at present and two years prior to the appointment), with details as per the rules and regulations of the Securities and Exchange Commission, Thailand.
5. Is not an auditor of the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person, and is not a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person (at present and two years prior to the appointment).
6. Is not a provider of any professional services including as legal advisor or financial advisor who receives service fees exceeding Baht two million per year from the Company, the Company's parent company, subsidiary company, associate company, major shareholder or controlling person, and is not a significant shareholder, controlling person or partner of the provider of professional services (at present and two years prior to the appointment).
7. Is not a director appointed as a representative of the Company's director, major shareholder, or shareholder who is related to major shareholder.
8. Does not undertake any business in the same nature and in competition to the business of the Company or the Company's subsidiary company, or is not a significant partner in a partnership nor an executive director, employee, staff, advisor with salary or holding shares exceeding one per cent of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company.
9. Does not possess any other characteristics that deter the ability to express independent opinions with regards to the Company's business operations.

In 2010, none of the Company's independent directors have business relationships or provide professional services to the Company of over Baht two million, which is in accordance with the regulations stipulated by the Capital Market Supervisory Board.

### (3) Remuneration of Directors, Committees and Management

#### Directors' Remuneration and Committees' Remuneration

Remuneration of Directors, Audit Committee and Nomination and Remuneration Committee for the year ended 31 December 2010 for 12 directors is as follows:

Name	Board of Directors			Audit Committee		Nomination and Remuneration Committee		
	Number of Meetings	Annual Remuneration	Meeting Remuneration	Total	Number of Meetings	Meeting Remuneration	Number of Meetings	Meeting Remuneration
1. Mr. Chai Sophonpanich	4/4	450,000	160,000	610,000				610,000
2. Dr. Chanvit Tanphiphat, MD	4/4	400,000	120,000	520,000			1/1	25,000
3. Mrs. Linda Lisahapanya	4/4	350,000	100,000	450,000				450,000
4. Mr. Curtis John Schroeder*	2/4	204,167	50,000	254,167				254,167
5. Dr. Dhanit Dheandhanoo, MD	4/4	350,000	100,000	450,000				450,000
6. Mr. Chong Toh	4/4	350,000	100,000	450,000			1/1	25,000
7. Dr. Sinn Anuras, MD	4/4	350,000	100,000	450,000				450,000
8. Dr. Jennifer Lee, MD	2/4	350,000	50,000	400,000				400,000
9. Ms. Sophavadee Uttamabol	4/4	350,000	100,000	450,000	4/4	160,000		610,000
10. Mr. Soradis Vinyaratn	4/4	350,000	100,000	450,000	4/4	100,000		550,000
11. Mr. Boonpakorn Chakwathana	3/4	350,000	75,000	425,000	3/4	75,000	0/1	500,000
12. Mrs. Arunee Kettratad**	3/4	233,333	75,000	308,333				308,333
<b>Total</b>		<b>4,087,500</b>	<b>1,130,000</b>	<b>5,217,500</b>		<b>335,000</b>		<b>5,602,500</b>

\* Mr. Curtis John Schroeder resigned from the position of the Company's director effective 31 July 2010.

\*\* Mrs. Arunee Kettratad was appointed independent director of the Company by the Annual General Meeting of Shareholders No. 17 for the year 2010 on 28 April 2010.

In 2010, the Investment Committee held one meeting. Total remuneration of Baht 0.1 million was paid to the members of the Investment Committee.

In 2010, the Governing Board held six meetings. Total remuneration of Baht 0.6 million was paid to the members of the Governing Board.

Directors' remuneration represents the benefits paid to the Company's directors, exclusive of salaries and related benefits payable to the management. The above remuneration has been approved by the shareholders.

An independent director of the Company, Mr. Boonpakorn Chokwathana, is also a director of Bumrungrad Medical Center Limited, a subsidiary of the Company. In 2010, Mr. Boonpakorn Chokwathana did not receive any remuneration from Bumrungrad Medical Center Limited.

#### Remuneration of Management

In 2010, the total remuneration of the fourteen executives of the Company and its subsidiaries amounted to Baht 118.3 million. The remuneration represents the salaries and benefits paid to the management.

#### **(4) Corporate Governance (Page 80)**

##### **(5) Internal Control of Information**

The Company has the policy regarding management using internal information for personal benefits as follows:

1. According to the Company's rules and regulations, directors are required to inform the Company immediately in the event that they may have any interests in any agreements being entered into by the Company, or that there is an increase or decrease in their holding of shares or bonds of the Company or subsidiaries.
2. Directors and management must prepare and disclose a securities holding report to the Securities Exchange Commission and to the Company within the required time.

Penalties for violations include the following:

1. Verbal warning for corrective action;
2. Report to shareholders' meeting for consideration;
3. Compensation for any damages;
4. Disclosure to the Securities and Exchange Commission and the Stock Exchange of Thailand.

##### **(6) Internal Control**

Bumrungrad Hospital Public Company Limited continuously values the internal control system and the internal audit system, and well realizes that the good internal control and audit systems can prevent potential losses, detect existing errors, mitigate business risk and operational risk to the acceptable level, generate accurate and reliable financial reports, and help the Company achieve its goals. As a result, the Board of Directors has governed and assigned the Audit Committee to review and comment on effectiveness of the Company's internal control system, which can be divided into 5 main parts as follows:

###### Part 1: Organizational Control and Environment Measure

The Company set its vision, mission, and operating policy, with the emphasis on integrity and ethics, and clearly defined both short-term and long-term business goals. It has also rewarded employees based on their performance on achieving those goals. In addition, the Company has the organizational structure and work procedures that help tighten its operations and prevent unauthorized asset use. Furthermore, the Company's executives continuously develop and improve the quality of management; resulting in recognitions by several third-party organizations, as evidenced by various awards, such as "Best Managed Company in Thailand - Small Cap 2008" by Asiamoney Magazine, "Total Quality Class Award 2008" by the Office of Thailand Quality Award, and "National Best Practices Award on Labor Relations and Labor Welfare Award 2009 and 2010" by the Ministry of Labor. Based upon the aforementioned characteristics, it is deemed that the Company has a good organizational structure and environment, which is an essential foundation for an effective internal control system.

#### Part 2: Risk Management Measure

The Company regularly assesses business risk factors, taking into account economic, political, social and environmental circumstances, including the industry situation and competition, which are external factors. It also assesses internal factors, especially risk factors concerning medical services, which may have a significant impact to the Company. In addition, the Company has established the risk management policy and assigned the management to continually monitor incidents that cause the risk factors. It has also defined the Hospital Risk Management Process and the Safety and Environment Risk Assessment as part of the Hospital Administrative Policy (HAP). Consequently, it is deemed that the Company has the effective risk management process that can mitigate business risks to the acceptable level.

#### Part 3: Management Control Activities

The Company has established transaction approval authority and limits based on the nature and amount of transaction. In case of connected transactions or potential conflict of interest transactions, the Audit Committee has a duty to review the necessity and rationale of those transactions, which must be approved by the Management, the Board of Directors, or the Shareholders as the case may be. The person with conflict of interest is not allowed to vote in these transactions. Moreover, the Company regularly monitors subsidiaries' and affiliates' operations by delegating the Company's directors to take a position of chairperson, directors, or executive directors in those subsidiaries or affiliates. In 2010, the Company entered into all such transactions with related persons or parties in compliance with the principles, procedures, and conditions stipulated in laws and regulations, under the good corporate governance policy, on an arm's length basis, and for its own highest benefits.

#### Part 4: Information and Communication Measure

The Company has performed financial reporting in accordance with the accounting policy as deemed appropriate for its nature of business, and with the Generally Accepted Accounting Principles (GAAP). In addition, the Company is in the process of preparing for the implementation of the International Financial Reporting Standards (IFRS), which will be effective in the year 2011, by establishing working groups consisting of relevant persons from different departments and assigning them to prepare data and information systems to be ready for those standards. The Company has also engaged a consulting firm to give advice and provide training sessions for all relevant executives and employees. Moreover, the Company has provided necessary and sufficient information for the Board of Directors to make a decision.

#### Part 5: Monitoring

The Company set up the Internal Audit Division, which directly reports to the Audit Committee, to ensure its independence. Its duty is to audit the internal control system, the risk management process, and corporate governance. The audit objectives are to assure that:

- Operations in various processes are efficient and effective enough to achieve the Company's objectives;
- The financial reporting process has adequate and proper controls to make financial data reliable;
- The management control process is effective enough to govern adherence to laws and regulations, and the Company's policies and procedures;
- The internal controls over work processes pertaining to patients' safety are effective and adequate.

In addition, the Company delegated the internal auditors to conduct a business process review for its subsidiaries or associates, and assigned responsible persons to determine ways to develop and improve work systems according to the internal auditors' recommendations, and the independent auditor's recommendations in the Management Letter.

As a result of the assessment of the adequacy and appropriateness of the internal controls based on the above five components, the Board of Directors has the opinion that the Company's internal control system is adequate and effective, and there were no significant deficiencies in the internal control system.

In addition, please see the Report of the Audit Committee (Page 19).

## 5.2 Dividend Policy

1. The Company's dividend policy is as follows:
  - 1.1 When the Company has net profit which can be distributed to shareholders, the preferred shareholders will receive dividends before the ordinary shareholders. In any year that dividends distributed to the preferred shareholders reach 15% of the capital represented by the preferred shares, the balance of the profit shall be distributed to the ordinary shareholders at any amount as determined by the shareholders' meeting. In any year that the Company is able to distribute dividends of more than 15% of its capital, the shareholders of both types shall receive the dividends equally.
  - 1.2 For the payment of dividends, the Board of Directors is to follow the resolution of the shareholders' meeting.
  - 1.3 For every dividend payment, the Company shall reserve at least 5% of the profit as appropriated statutory reserve, until the reserve accounts for 10% of the Company's capital.
  - 1.4 Accrued dividends are not entitled to any interest payment.
2. Subsidiaries' dividend policy is as follows:
  - 2.1 When the company has profit which can be distributed to shareholders, the company is eligible to pay dividends to its shareholders at any amount in accordance with the resolution of the shareholders' meeting.
  - 2.2 Accrued dividends are not entitled to any interest payment.

On 23 February 2011, the Board of Directors approved, subject to shareholders' approval at the shareholders' meeting to be held in April 2011, a dividend payment for the year 2010 to preferred and ordinary shareholders at the rate of Baht 0.90 per share, totaling Baht 657 million, which is a 52% pay-out ratio. The Company already paid an interim dividend of Baht 0.40 per share, totaling Baht 292 million, on 9 September 2010. The remaining dividend payment of Baht 0.50 per share, amounting to Baht 365 million, will be paid on 24 May 2011, after the shareholders' approval.

For the year 2009, the Company paid a dividend of Baht 0.85 per share, totaling Baht 621 million, a 50.0% pay-out ratio.

## 6. RELATED PARTIES TRANSACTIONS

### 1. Characteristics of Related Parties Transactions

The Company has transactions with its subsidiaries, affiliates and related companies as detailed in note to financial statement no. 8.

For the periods ending 31 December 2009 and 31 December 2010, the Company and subsidiaries entered into a number of transactions with related parties that may have conflict of interest with the Company and its subsidiaries. These connected transactions include normal course of business transactions and other transactions, and can be summarized as follows:

Related Company	Relationship	Description	Amount (Baht Million)		Pricing Policy	Reason for the transaction
			For the year ended	For the year ended		
			31 Dec 2009	31 Dec 2010		
Bangkok Insurance Pcl. (BKI)	Common director, and BKI is the major shareholder of the Company, with 13.17% shareholding as at 30 December 2010	Revenues - Revenues from hospital services received from BKI	12.6	6.8	It is the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction is reasonable.
		Expenses - Insurance fees which the Company and subsidiaries paid to BKI	21.3	26.5	BKI is the insurance provider which the Company and subsidiaries have always used. In addition, the insurance premium that the Company and subsidiaries paid to BKI was at the rate which BKI offers to its customers in general.	The Audit Committee has the opinion that the transaction is reasonable.
		Revenues - Revenues from hospital services received from BBL	26.2	20.2	It is the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction is reasonable.
Bangkok Bank Pcl. (BBL)	Common director	Expenses - Bank credit cards commission fees paid to BBL	68.9	69.5	BBL is the credit card service provider which the Company has always used. The Company invested in various infrastructures to maximize the benefits from efficient use of credit card payment system. The fees paid to BBL are at the market rate.	The Audit Committee has the opinion that the transaction is reasonable.
		- Interest on convertible bonds paid to BBL	32.5	32.5	The Company paid interest on Baht 550 million principal of convertible bonds. Interest rates are in accordance with debt restructuring agreement.	Approved by the shareholders.
		Revenues - Consulting fees on hospital management received from Bumrungrad International Limited	12.8	11.1	The Company charges the fees in relation with the actual cost of the resources used.	The Audit Committee has the opinion that the transaction is reasonable.
Bumrungrad International Limited	Associated company which the Company holds 31.5% with common director	Expenses - Consulting fees on hospital management paid to Bumrungrad International Limited	-	2.5	The Company paid hourly fixed expenses to Bumrungrad International Limited. The expenses paid to Bumrungrad International Limited are at the rate which Bumrungrad International Limited offers to its customers in general	The Audit Committee has the opinion that the transaction is reasonable.

## 2. The Necessity and Rationale of the Related Parties Transactions

The Company has entered into related parties transactions to support the normal business of the Company. For example, having Bangkok Bank Public Company Limited as one of the Company's corporate contracts helps the Company to expand its client base, as Bangkok Bank's employees use the hospital's services.

## 3. Policy on Related Parties Transactions in the Future

The Company may enter into related parties transactions as part of its normal course of business, with normal trading terms and conditions, and within reasonable practice and process, using market price policy, as if doing arm's-length transactions, in order to prevent conflict of interest between the Company and related persons.

In addition, the Company sees the importance of corporate governance and will strictly abide by the Company's policy, as well as the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission. Moreover, the Company will emphasize the transparency of related parties transactions, and will protect the highest benefit of the Company.

## 7. MANAGEMENT DISCUSSION AND ANALYSIS (PAGE 16 – 18)

## 8. FINANCIAL STATEMENTS

### 8.1 Financial Statements (Page 22 – 54)

#### 8.2 Audit Fees

##### (a) Audit Fees

For the year 2010, the Company and subsidiaries have paid audit fees in the amount of Baht 2.3 million. The Company's 2010 audit fees have been approved by the shareholders' meeting.

##### (b) Non-Audit Fees

For the year 2010, the Company paid the consultation and training fee for the preparing of implementation of International Financial Reporting Standard (IFRS) in the amount of Baht 0.9 million.

# Corporate Governance Report



The Company realizes the importance of good corporate governance, and is committed to follow the Principles of Good Governance Guidelines in order to manage its business with transparency, to build confidence for all stakeholders and to compete efficiently at the international level. The Company therefore would like to report the following:

## 1. THE RIGHTS OF SHAREHOLDERS

The Company acknowledges the importance of all shareholders' rights, including major and minority shareholders. Shareholders' rights include basic rights as investors and as owners of the Company, such as rights to buy, sell, transfer their shares; rights to receive dividends from the Company; rights in shareholders' meetings; rights to receive comprehensive, sufficient and timely news and information through easily accessible channels, rights to express their opinions; rights to participate in making decisions on important issues, such as the election of directors, approval of important transactions that affect the direction of the business and operation of the Company, and amendment of the memorandum of association and articles of association of the Company.

In 2010, the Company has implemented the following to encourage and facilitate the exercise of shareholders' rights in the annual general meeting of shareholders:

1. The Company gives shareholders the right to propose important and appropriate issues for incorporation as an agenda in the Company's annual general meeting of shareholders and to nominate candidates with appropriate knowledge, abilities and qualifications to be considered for the position of the Company's director in advance of the annual general meeting of shareholders. Shareholders can find details of the criteria and guidelines on the Company's website.
2. The Company sends invitation letters to shareholders in advance to inform them of the meeting agendas which include the opinion of the Board of Directors on each agenda item, together with supporting documents and information sufficient to facilitate shareholders in making their decisions. In addition, the invitation letter package includes details of required documents in order to protect shareholders' rights to attend the shareholders' meeting, together with their rights to vote. Moreover, the invitation letter to the shareholders' meeting is disclosed on the Company's website. For the annual general meeting of shareholders, the invitation letter is posted on the website 30 days prior to the meeting date.
3. For those shareholders unable to attend the meeting, these shareholders have the right to authorize a person or an independent director as their proxy to attend the meeting and vote on their behalf, using one of the proxy forms sent with the invitation letter. Moreover, shareholders can download the proxy form from the Company's website.
4. The Company implements the barcode system for registration and the voting process, including the use of voting cards. This helps accelerate, and ensures the accuracy of, the registration and vote counting processes. In addition, shareholders are able to register after the meeting has started, to exercise their rights to vote on agendas that have not been voted. Upon completion of the meeting, shareholders are able to verify the details.
5. Before going into each agenda, the Chairman of the Board of Directors, who acts as chairman of the meeting, assigns the Company Secretary to inform the meeting of the voting process for each agenda. During the meeting, the chairman of the meeting gives all shareholders the opportunity to comment, ask questions or give opinions and suggestions on any agenda items. The Chairman and management see the importance of every question and give precise and clear answers.
6. The Company Secretary records minutes of the shareholders' meetings which are correct and complete, with details on voting results of each agenda. In addition, the minutes are sent to the Stock Exchange of Thailand and posted on the Company's website within 14 days after the meeting date, so that shareholders are promptly informed and able to verify.

## 2. THE EQUITABLE TREATMENT OF SHAREHOLDERS

The Company is strongly committed to the equitable treatment of every shareholder, whether they are major or minority shareholders, institutional investors or foreign shareholders, and has created various mechanisms such as:

1. The Company provides a channel for minority shareholders to propose issues deemed important and appropriate to include in the agenda of the Company's annual general meeting of shareholders and to nominate candidates with appropriate knowledge, abilities and qualifications to be considered for the position of the Company's director. The announcement has been made through the Stock Exchange of Thailand and the Company's website. Independent directors will consider and propose the matter to the Board of Directors to be included in the meeting agenda as appropriate.
2. For shareholders who are unable to attend the shareholders' meeting, the Company provides proxy forms which allow shareholders to specify their vote on each agenda. The proxy forms, which are in accordance with the format provided by the Ministry of Commerce, are sent with the invitation letter. As an alternative for shareholders, the Company also proposes one independent director as the proxy.
3. The shareholders' meetings proceed according to the order of the agenda, without adding new and uninformed agenda, in order to give the opportunity to shareholders to study the information on the given agenda before making a decision. Moreover, there are no changes to the important information in the shareholders' meeting.

4. The Company sees the importance of the consideration of transactions which may have conflict of interest or may be connected or related transactions, and abides by good corporate governance principles, including the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. For these transactions, directors, management and those who are related persons do not participate in the consideration to approve such transactions.
5. The Company provides oversight and control to prevent the improper use of inside information. Details can be found in section 5.2(5) Internal Control of Information. In addition, directors and management of the Company must report the purchase or sale of the Company's securities to the Securities and Exchange Commission and the Company within three business days.

### 3. THE ROLE OF STAKEHOLDERS

The Company recognizes its responsibilities towards each stakeholder, for sustainable mutual benefits, which will lead to the stability of business operations. The Company intends to interact with each party fairly. The important stakeholders of the Company are as follows:

#### **Shareholders:**

In addition to the basic rights, rights in accordance with the laws and the Company's articles of association, such as rights to check the number of shares, rights to receive share certificates, rights to attend and vote in shareholders' meetings, rights to express opinions independently at shareholders' meetings, and rights to receive fair returns, the Company also provides equal and timely information to all shareholders, and gives all shareholders the right to suggest and express their opinions independently on the Company's business and operations in shareholders' meetings, as the Company's owners.

#### **Customers / Patients:**

The Company provides patient care in an ethical manner, and at the best possible quality, taking into consideration patient safety, patients' satisfaction and efficiency in providing its services. The hospital's Medical Ethics Committee protects patients' rights. In addition, the Company has a department to take customer complaints, and to monitor and continuously improve the quality of the care provided to all patients, taking into consideration patients' needs and suggestions. In addition, the Company has engaged a third-party consultant to measure the hospital's customer engagement level, in order to continuously improve the hospital's services for patients, and to maintain patients' long-term relationship with the hospital.

#### **Employees:**

The Company believes that its employees are valuable resources and therefore gives all employees equal opportunity in their employment. The Company has the policy to provide employees with appropriate compensation and appoints a welfare committee to oversee the well being and safety of its employees. The Company also provides an individual development plan (IDP) for each employee, as well as continuous education and regular training programs to develop and reinforce employees' knowledge, abilities and skills in all areas including operations, management and technical expertise, in order for employees to fulfill their jobs more effectively.

Furthermore, the Company holds Town Hall Meetings to provide opportunities for employees to voice their opinions or complain directly to management, implements an Innovation Program where employees are able to propose suggestions to improve work process and services, and has an employee recognition program to increase employees' morale. The Company believes that work efficiency is a result of employees' loyalty to the Company, and is therefore committed to continuously build and assess employee engagement with the Company, in order to improve its human resources management.

#### **Suppliers / Contractors:**

The Company has a purchasing policy that is fair to all parties concerned. In addition, the Company abides by the terms and conditions of agreements and contracts with all suppliers and contractors and ensures timely payment to all suppliers and contractors.

#### **Creditors:**

The Company is committed to giving information with accuracy and transparency to creditors, and abides by loan agreements and loan covenants and ensures timely payments. The Company believes that good relationships with creditors, including building credibility and trust, are a responsibility of the Company towards its creditors.

#### **Competitors:**

The Company competes with competitors within rules and regulations, and treats competitors fairly and with integrity. The Company focuses on competition in the area of quality and efficiency of service for the best benefit of customers and patients.

#### **Community:**

The Company is committed to improving the quality of the society and the quality of life of the population, especially its responsibility towards the public, including the environment and neighboring community. The important corporate social responsibilities activities of the Company in the past year are as follows:

1. 500 Hearts Program: The program provides underprivileged cardiology patients with surgeries. The program is a 5-year program from 2008-2012 and is a collaboration between the Company, the Bumrungrad Hospital Foundation, the Children's Heart Diseases Foundation, under the Royal Patronage of Her Highness Princess Kalayaniwattana, and the National Health Security Office.
2. Scholarship programs: The Company sees the importance of human resources development and therefore initiated scholarship programs for the public and its employees. In the eleven years of the programs, 555 scholarships have been granted. The programs are detailed as follows:
  - 2.1 Youth Career Development Program (YCDP): In cooperation with UNICEF, the Company sponsors the Thailand Nursing Council's accredited practical nurse certificate programs for underprivileged girls who graduate from high schools all over the country. Students have the opportunity to become employees of the Company after graduation.
  - 2.2 Nursing Degree Scholarship Program: The Company provides nurse aides and practical nurses with the opportunity to continue their studies for a Bachelor's Degree in Nursing through its scholarship program. The Company also provides internship training programs during school breaks and employment opportunities upon graduation.
  - 2.3 Practical Nurse Certificate Scholarship Program: The Company grants scholarships for practical nurse certificates, certified by the Thailand Nursing Council, to nurse aides.
3. Thompson Mobile Clinic: Since 2001, the Company, together with the Bumrungrad Hospital Foundation and the Thompson Foundation, provides free healthcare to underprivileged communities in Bangkok through its mobile units. In 2010, the Mobile Clinic Program treated 22,516 patients and donated over 30 tons of rice. In the ten years of the program, the Company, the Bumrungrad Hospital Foundation and the Thompson Foundation have treated 196,516 patients and donated over 157 tons of rice.
4. Medical Research Program: The Company and the Bumrungrad Hospital Foundation work with medical institutions, both local and abroad, to develop clinical and medical technology research, such as research on drugs related to AIDS, cancer and diabetes.
5. Blood Donation: The Company, together with the Thai Red Cross Society, organizes quarterly blood donation activities at Bumrungrad International Hospital, Bangkok. Doctors, employees and the public are invited to join. In 2010, there were 201 donors with 197 blood units.
6. Environmental Policy: The Company has an environmental policy which the Company communicates to employees its views on preservation of the environment and natural resources. The Company also promotes activities relating to safety of the organization and neighboring communities and uses its natural resources efficiently.

#### 4. DISCLOSURE AND TRANSPARENCY

The Company realizes the importance of disclosing information which is significant for shareholders and investors in making their decisions. The Company has a policy to disclose information which is transparent, complete, reliable and timely through various channels which are easily accessible, in order for shareholders and investors to conveniently obtain the disclosures. The Company also ensures it abides by the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Information disclosed to the public includes both financial and non-financial information, such as financial statements, management discussions and analysis, the report of the accountability of the Board of Directors to the Company's financial reports, the report of the Audit Committee, connected transactions, structure, duties and responsibilities of the Board of Directors and committees, including statistics on meeting attendance, and the corporate governance report.

The Company has many channels to communicate with shareholders and investors. These include those stipulated by rules and regulations, such as the 56-1 filing form, annual reports, the website of the Stock Exchange of Thailand, and other communication channels, such as the Company's website under the Investor Relations section, which is consistently updated, in both Thai and English, quarterly analyst meetings (four times in 2010), roadshows and investor conferences, both in Thailand and overseas, including Singapore and Hong Kong (four times in 2010), and investor meetings and conference calls (50 times in 2010). In addition, the Company holds press conferences to update important events of the Company, in order to disseminate information to the public.

Furthermore, the Company has a Company Secretary and an Investor Relations Department to facilitate interested investors and shareholders. Information can be requested by phone at 02-667-1469, by e-mail at [ir@bumrungrad.com](mailto:ir@bumrungrad.com) or through the Company's website, [www.bumrungrad.com](http://www.bumrungrad.com).

#### 5. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

##### Structure of the Board of Directors

The Board of Directors is comprised of qualified directors with extensive experience in various fields. Every director participates

in setting the Company's vision, mission, strategies, goals, business plans and budgets. The Board of Directors also ensures that the plans are carried out efficiently and effectively by the management, to ensure the maximization of the Company's value and stability to shareholders. The Board of Directors meets quarterly to review the management's report on the Company's operations. Details of duties and responsibilities of the Board of Directors can be found in Section 5.2(1) Management Structure.

As at 31 December 2010, there are 11 directors, as follows:

1. **Non-executive directors:** Four non-executive directors, which are Mr. Chai Sophonpanich, Dr. Charvit Tanphiphat, MD, Mr. Chong Toh and Dr. Jennifer Lee, MD.
2. **Executive directors:** Three executive directors, including Mrs. Linda Lisahapanya, Dr. Dhanit Dheandhanoo, MD and Dr. Sinn Anuras, MD.
3. **Independent directors:** Four independent directors who possess the qualifications as stipulated by the Securities and Exchange Commission, and are also Audit Committee members, comprised of Ms. Sophavadee Uttamobol, Mr. Soradis Vinyaratn, Mr. Boonpakorn Chokwathana and Mrs. Aruni Kettratad.

At present, the four independent directors account for 36% of total Board of Directors and more than one-third of the Board of Directors, and will be in accordance with the Securities and Exchange Act (No. 4) B.E. 2551.

#### **Segregation of Duties:**

The Company clearly separates the duties and responsibilities of the Board of Directors and management. The Board of Directors is responsible for endorsing strategies and supervising management's operations at the policy level, whereas management is responsible for managing the business as per such strategies. Therefore, the Chairman of the Board of Directors is not the same person as the Managing Director.

The Chairman of the Board is not an executive director and is not involved in managing the Company. Management is assigned the responsibility of implementing the business plan and strategies, and controlling expenses and investments as approved in the budget by the Board of Directors.

#### **Directorship Positions in other Listed Companies:**

The Company realizes the value of experience that directors receive from being directors of other companies. The Company therefore has the policy that directors can hold board positions in not more than eight companies listed on the Stock Exchange of Thailand, in order for the directors to be able to allocate sufficient time for each company. With regard to management, other than board positions at the Company's subsidiaries and affiliated companies, the Managing Director, Corporate Chief Executive Officer and the Company's management are allowed to hold director and/or independent director positions in not more than three other companies. In addition, such positions must be approved by the Board of Directors.

#### **Company Secretary:**

The Board of Directors appointed Mr. Kittiphan Leepipatanawith as the Company Secretary to be responsible for administering the Board of Directors' meetings and shareholders' meetings, for preparing minutes of such meetings and annual reports, and for safekeeping documents as required by rules and regulations. In addition, the Company Secretary is responsible for advising the Board of Directors and management regarding rules and regulations related to listed companies and corporate governance policies.

### **Committees**

The Board of Directors has set up committees to assist with specific tasks and to propose assigned issues to the Board of Directors for consideration or acknowledgement. Details of committee members and their duties and responsibilities are listed in Section 5.2(1) Management Structure. The Company has four committees as follows:

1. **Audit Committee** is responsible for reviewing the financial reports, internal control system, internal audit system, and risk management system, and for selecting and coordinating with the Company's auditor. The Audit Committee consists of three independent directors. In 2010, the Audit Committee held four meetings and reported their meeting results to the Board of Directors. Details of attendance of Audit Committee members are in Section 5.2(3) Remuneration of Directors, Committees and Management.
2. **Nomination and Remuneration Committee** is responsible for selecting and proposing candidates for the positions of director and committee member to the Board of Directors for approval, and for setting appropriate compensation. The Nomination and Remuneration Committee consists of one independent director, who is the chairman of the Nomination and Remuneration Committee, and two non-executive directors. In 2010, the Nomination and Remuneration Committee held one meeting and reported their meeting results to the Board of Directors. Details of attendance of Nomination and Remuneration Committee members are in Section 5.2(3) Remuneration of Directors, Committees and Management.
3. **Governing Board of Bumrungrad International Hospital, Bangkok** is responsible for implementing the Hospital Policy, promoting patient safety and performance improvement, and providing quality patient care. The Governing Board consists of two directors, two management, and five physicians. In 2010, the Governing Board held six meetings.
4. **Investment Committee** is responsible for considering investment projects before proposing to the Board of Directors for

approval. The Investment Committee consists of one independent director, two non-executive directors and one executive director. In 2010, the Investment Committee held one meeting.

### **Roles, Duties and Responsibilities of the Board of Directors**

The Board of Directors has responsibilities towards all shareholders, both major and minority shareholders, in ensuring that the Company conducts its business and implements corporate governance practices in accordance with its objectives and policies for the highest benefit of shareholders, with care and integrity, under business ethical values, taking into account the interests of all stakeholders and under the laws and articles of association of the Company. The duties and responsibilities of the Board of Directors are in Section 5.2(1) Management Structure.

#### **Internal control and internal audit systems:**

The Company has given importance to internal control and internal audit systems, by establishing an internal audit unit, with the primary objective to support and develop effective internal control of the organization, in order to minimize operational risks, and to ensure quality of the work process and operations. Emphasis is on effectiveness and efficiency, appropriateness of expenses and costs, and operations which are in accordance with the policy and/or requirements of management. To ensure the independence of the internal audit unit and the balance of power, the internal audit unit reports directly to the Audit Committee.

#### **Conflicts of interest:**

To prevent any problems related to conflicts of interest, the Board of Directors considers transactions which may have conflicts of interest or which may be related parties transactions with caution, fairness and transparency, and strictly follows the rules and regulations of the Stock Exchange of Thailand and the Securities Exchange Commission, with pricing and other conditions on an arms-length basis. Details of the transactions, including amount, contracting party, and reasons for entering into the transactions, are disclosed in financial statements, the annual report, and the 56-1 filing.

### **Board of Directors' Meetings**

It is the duty of every director to attend Board of Directors' meetings regularly, in order to acknowledge and make decisions relating to the operations of the Company. The Board of Directors holds four regular meetings every year (held quarterly), of which the schedule is set in advance for the entire year, and holds extraordinary meetings as necessary to consider matters which are important and urgent. In 2010, there were four Board of Directors' meetings. Details of meeting attendance of each director are in the table in Section 5.2(3) Remuneration of Directors, Committees and Management.

For each meeting, agenda are clearly set in advance by the Chairman of the Board together with the Managing Director. Moreover, each director is given opportunities to propose issues as agendas. The Company Secretary prepares and distributes invitation letters, agendas, and other supporting documents to the Board of Directors at least seven days in advance in order to allow directors sufficient time to research and study the information prior to the meeting.

Normally, each meeting takes two hours. For the consideration of each agenda, the Chairman of the meeting allocates sufficient time for management to present adequate details on the agenda and for directors to discuss the matter carefully, and gives directors the opportunity to express their opinions in the meeting independently. The majority vote is the passing resolution for each agenda, where one director has one vote. In case a director has a personal conflict of interest, such director will leave the meeting and/or does not vote on that particular matter. If the voting result is equal, the Chairman of the meeting casts the deciding vote. In addition, senior management is invited to attend the Board of Directors' meetings to provide useful and important information, and to directly obtain business strategies from the Board of Directors to be implemented in the Company's operations.

Upon completion of each meeting, the Company Secretary is responsible for documenting and distributing minutes for adoption at the next Board of Directors' meeting. Directors are able to comment, amend and make additions so that the minutes are as accurate as possible. The Company Secretary keeps the adopted minutes, which are signed by the Chairman of the Board of Directors, both in the form of hard copies and electronic files, along with supporting documents available for directors and relevant persons' verification and reference.

### **Remuneration of the Board of Directors and Management**

The Company provides appropriate remuneration for the Board of Directors and management. The remuneration of the Board of Directors, in the form of annual remuneration and meeting remuneration, has been approved by shareholders' meetings. Consideration of directors' remuneration takes into account that of other comparable listed companies in the same industry. Committee members only receive remuneration in the form of meeting remuneration.

Management's remuneration is in the form of salaries and bonuses, taking into consideration the responsibilities and performance of each person and the performance of the Company.

Details of the 2010 remuneration of each individual director, which has been approved by the shareholders' meeting, and the sum of management's remuneration, are disclosed in Section 5.2(3) Remuneration of Directors, Committees and Management.

### Development Programs for Directors and Management

The Company has a director's manual, which summarizes related laws, rules and regulations, so that directors are informed of their roles, responsibilities and guidelines for the position of a director. For newly-appointed directors, the Company informs them of information which is important for fulfilling their duties as the Company's director, which includes the Company's background information, business strategy and director's manual.

Moreover, the Company supports development programs for directors and management in various forms, such as training and seminars organized by the Thai Institute of Directors (IOD), the Stock Exchange of Thailand, and the Securities Exchange Commission.

A majority of the Board of Directors, six directors, has passed IOD training courses, as follows:

	Chairman Program	Director Certification Program (DCP)	Director Accreditation Program (DAP)	Audit Committee Program (ACP)	Role of Compensation Committee (RCC)
Mr. Chai Sophonpanich	•	•			
Mrs. Linda Lisahapanya		•			
Mr. Chong Toh			•		
Ms. Sophavadee Uttamobol	•		•	•	
Mr. Soradis Vinyaratn			•		
Mr. Boonpakorn Chokwathana		•	•		•