

NEW

รายงานประจำปี 2553

ANNUAL REPORT 2010



แบบ 56-2



บริษัท วัฒนการแพทย์ จำกัด (มหาชน)
WATTANA KARNPAET PUBLIC COMPANY LIMITED

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Letter from the Chairman



Dear Shareholders,

In the past years, various events have been witnessed including political events, economic crisis events, and environmental disturbance events. These events took place both in our country and internationally. Many of these events were unexpected and unpredictable and hence taught us valuable lessons for handling our business today and in the future. Our today business will need to be equipped with adequate self preparation in order to cope with the unknown changes in the future to come.

For our North-Eastern Wattana Hospital, especially in these past five years, the company has been expanded and the trends show constant growth. This is partly from the expansion of the economic of the North-Eastern region of Thailand, which connected to the growing Mekong Sub region, together with the Indochina countries including Laos, Vietnam, and Cambodia, South China region.

As such, the company's committee is ready with the continuing commitment to develop the quality health care services with standards to meet the needs for healthcare services. In addition, the company increases the investment in the medical equipment that are high technology. Together with the self-improvement of the North-Eastern Wattana Hospital to obtain the Hospital Accreditation in order to be the leader in the healthcare system with global standards.

Lastly, on behalf of the company's committee, I would like to thank all shareholders for your generous trust and continuing supports for the company's operations.

Sincerely Yours

A handwritten signature in blue ink, appearing to read "P. Tangsubkul", with a horizontal line underneath.

(Associate Professor Dr. Phiphat Tangsubkul)

Chairman of the Board

Wattana Karnpaet Public Company Limited

Subject : Opinion of Chairman of the Audit Committee
To : The Shareholders
Of Wattana Karnpaet Public Company Limited

I, Ass.Prof.Dr. Poonsak Vaisamruat, the Chairman of the Audit Committee of the Wattana Karnpaet Public Company Limited, would like to inform that as the Audit Committee has been appointed by the Board of Directors with the scope, duties, and responsibility for the internal control and management of the company, the Audit Committee has performed the duties accordingly in order to protect the overall benefits of minor shareholders. In 2010, the Audit Committee has met four times, which the findings can be summarized as follows:

1. The Audit Committee has reviewed the Quarterly and Annual Financial Statements to ensure that the preparation of the financial statements, along with the company's accounting policies, were done in an accurate and suitable manner. Based on this review, the Audit Committee believes that the company's financial reports have been presented in accordance with the generally accepted accounting principles and have provided adequate disclosure.
2. The Audit Committee, together with internal auditor, have reviewed and assessed the internal audit results in order to ensure the effectiveness, suitability, and accuracy of the internal control system.
3. The Audit Committee has reviewed the disclosure of transactions with related parties or others, which may involve conflict of interest. There is no conflict of interests found on the disclosure of transactions.
4. The Audit Committee has reviewed and investigated to ensure that the company operates with transparency and follows the laws and regulations, including the regulations of the company and relevant government agencies.
5. The Audit Committee has nominated auditor for 2010 and proposed to the Board of Directors to appoint Mr. Savei Viwatpanachat and Miss Chaovana Viwatpanachat, license numbers 2219 and 4712 respectively, of Sumnakgan Pitisevi as the company's auditor.

We hereby confirm having audited the financial report of company, year 2010 and fully accepted it.

Sincerely Yours,



(Ass.Prof.Dr.Poonsak Vaisamruat)

Chairman of the Audit Committee

Wattana Karnpaet Public Company Limited

1. General Information

1.1 Company Information

Wattana Karnpeat Public Company Limited operates 100 beds private hospital under the name of North Eastern Wattana General Hospital since 1985, locates at 70/7-8 Supakitjanya Road, Tumbon Makkheng , Amphur Muang , Udonthani 41000 Registration number 0107537002095 Tel: 0-4224-1031-3 and 0-4224-6181-3 Fax: 0-42 24-1956 E-mail Address : admin@wattanahospital.net Website : www.wattanahospital.net with registered capital of 100 million Baht paid up capital 100 million Baht (par value 10 Baht/Share)

In 1994 the company had invested 55% in 21 Sattawat Vejchakit Company Limited which operates Wattana NongKhai 100 beds. In 2002 , the company had reduced the invested share portion to 15% , the company redeposited the rest of shares in 2003.

1.2 The number and type of fully paid shares of all the registered bodies that the company has more than 10 per cent of the total fully paid shares of those registered bodies

- None -

1.3 References

(a) Share Registrar

Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Building
62 Rachadapisek Road, Klongtoey Bangkok 10110
Telephone : 0-2229-2800 Fax : 0-2229-2888

(b) Auditor

Mr. Savei Viwatpanachat, and Miss Chaovana Viwatpanachat
Sumnakgan Pitisevi
8/4 Floor 1st, 3rd Soi Viphavadee 44 (Soi AMornphan 4), Viphavadee-Rangsit Rd., Ladyao,
Chatuchak, Bangkok 10900
Telephone : 0-2941-3584-6 Fax : 0-2941-3658
E-Mail : pitisevi@cscoms.com

(c) Legal Counselor

Mr. Thawon Tangsubkul
LEGAL OUT-SOURCE LTD.
6 th Floor , Lumpini Buliding (Soi Sarasin)
239/2 Rajadamri Road , Lumpini , Patumwan , Bangkok 10330
Telephone : 0-2650-5072-3 Fax : 0-2650-5074
E-mail : lego@loxinfo.co.th

2. The Summary of Financial data of Company

The Summary of Financial data of Company

(Unit : Thousand baht)

	2010	2009	2008
Asset at year date			
Total Assets	408,370	400,380	392,288
Total Liabilities	112,447	109,961	110,432
Shareholders' Equity	295,923	290,419	281,855
Operating performance January - December			
Service Revenues	212,913	187,626	162,481
Total Revenues	216,241	189,916	164,936
Cost of services and expenses	199,359	174,523	157,728
Profit before finance cost and corporate income tax	16,882	15,393	7,208
Interest Expense	5,061	5,650	5,943
Profit before corporate income tax	11,822	9,743	1,265
Net Profit (Loss)	8,004	9,064	1,265
Per share data (Baht)			
Earning (Loss) per share	0.80	0.91	0.13
Weighted Shares (000' shares)	10,000	10,000	10,000
Book value per share	29.59	29.04	28.19
Financial Ratio			
Current Ratio	0.47	0.48	0.47
Gross Profit Margin (%)	25.83	24.16	21.31
Net Profit Margin (%)	3.70	4.77	0.77
Return on Asset (%)	1.98	2.29	0.33
Return on Equity (%)	2.73	3.17	0.45
Debts to Equity Ratio	0.38	0.38	0.39
Growth Rate – Increase (Decrease)			
Total Assets (%)	2.00	2.06	3.35
Total Liabilities (%)	2.26	(0.43)	13.52
Service Revenues (%)	13.48	15.48	12.19
Net Profit (%)	(11.69)	616.52	(83.87)

3. Nature of Business

3.1 General Business Operations

The Wattana Karnpaet Public Company Limited operates the first 100 bed-sized private general hospital. The hospital is a tertiary hospital, which consist mainly of Outpatient Department, Inpatient Department and X-Ray Computer.

3.2 Income Structure

Income structure by departments

Types of Patients	2010		2009		2008	
	'000 Baht	%	'000 Baht	%	'000 Baht	%
Outpatient	95,551	44.1	87,164	45.9	74,597	45.2
Inpatient	120,690	55.8	100,462	52.9	87,884	53.3
Profit from Subsidiary share sell	-	-	-	-	56	0.0
Others	3,328	1.5	2,290	1.2	2,399	1.5
Total	216,241	100.0	189,916	100.0	164,936	100.0

Income structure by services

Types of Services	2010		2009		2008	
	'000 Baht	%	'000 Baht	%	'000 Baht	%
(1) Income from the hospital's operations	212,913	98.5	187,626	98.8	162,481	98.6
- Medicines and medical supplies	67,034	31.0	53,539	28.2	49,928	30.3
- Doctor fees	49,735	23.0	45,651	24.0	40,746	24.7
- Room charges	17,299	8.0	12,518	6.6	10,460	6.4
- Investigation and treatment	74,603	34.5	72,482	38.2	59,333	36.0
- Other hospital related incomes	4,242	2.0	3,436	1.8	2,014	1.2
(2) Other incomes	3,328	1.5	2,290	1.2	2,455	1.4
- Interest received	1,108	0.5	1,178	0.6	1,250	0.8
- Other incomes	2,220	1.0	1,112	0.6	1,205	0.7
Total income	216,241	100.0	189,916	100.0	164,936	100.0
Percentage increase (decrease) in total income	-	13.9	-	15.1	-	12.8

3.3 Major events

- Decorating the In Patient Department service areas to modernize the atmosphere and increase the satisfaction of the patients.
- In July, 2010, the hospital had passed the second stage of the hospital accreditation from the Hospital Accreditation Institution of Thailand.

Industry's Trend and Future Competition

1. Industry's Structure

The private hospital industry is a highly competitive industry with the competitors being from both the private and public sectors. Together with, the variety of healthcare scheme available for patients to freely acquire the healthcare services, for examples, the National Health Scheme and Social Security Scheme. This, to a certain extent, lowers the number of patients coming to private hospitals.

The Company's Advantages

The company has been operating a private hospital for more than 26 years, therefore is well-known among the local patients who trust in the experiences in healthcare the hospital has to offer. Additionally, the company was established by a group of medical doctors, ensuring that the level of quality of healthcare has been the first priority to be maintained over time. The company focuses on the continuously improvement of the quality of personnel and the quality of the healthcare system with the patient safety as a prime concern.

The Company's Disadvantages

Since the company is located in a country town, the recruitment of medical specialists and other healthcare professionals is found much more difficult than it would be in Bangkok.

2. Industry Competition

Due to the capital-intensive nature of the industry as well as the cumbersome process in recruiting of both physicians and healthcare professionals, it is rather difficult for a new operator to enter into the industry. In terms of buyer power, the buyers are furnished with a relatively high degree of bargaining power in selecting other competing hospitals, both in the same province and those in Bangkok, for the services they need. On the competition climate, the industry is considered highly competitive due to the number of hospitals and beds on the supply side is more than the buyers' demands.

4. Risk factors

a. Risk from commodity prices

Agricultural business is the major source of income for Thai people, and it would further impact purchasing power of the population in the region. This is one of the factors affecting hospital business. Nowadays the agricultural sector has been affected by the World economy crisis has led to the falling in prices of the agricultural goods significantly. With the decrease in incomes of the agricultural sector, the private hospital will experience the drop of patients respectively. If the trends in the economy crisis does not show the improvement over time, the income of the company will be certainly affected.

b. Interest rate risk

Hospital business is one of the businesses that need large investment capital for buildings and medical equipment. The major source of funds has always been from the bank. As such the interest rate is also considered an important risk on the financial cost of the hospital businesses.

c. Currency risk

The fluctuation of foreign exchange rate generates direct impact to hospital business due to imported equipments and medications. As such, the volatility of currency would increase operating cost to the hospital.

d. National Health Scheme

The National Health Scheme has drained the patients from private hospitals to the public hospitals.

e. Competition

Since there are a number of private hospitals in Udonthani, the competition level for private hospitals is in a very high level. The marketing tactics include the price war and other aggressive marketing tactics. However, the company's hospital (100 beds) is the appropriate size to manage its cost structure due to its relatively small in size.

f. The policy of free trade of the country and the trend of the merging of powerful private hospitals

The policy of medical hub of the government and the influx of the foreign investment have effects on the small scale business. Together with the North Eastern region not being the tourist destinations.

g. Staffing

The shortage of health care professionals in the upcountry is a major concern to both public and private hospitals in a way that headhunting for reputable staffs had driven the administrative expenses sky-high.

h. Social Security Scheme

The social security scheme posts risks to the hospitals in terms of the high cost diseases treatment, which become the hospitals' treatment costs for the social security patients. There is an increasing trend of Thai population with these diseases such as cancers. Consequently, the hospitals that take up the social security scheme; receiving a lumpsum of payment have to also take the risk of all the treatment costs that associated with these diseases.

5. Structure and Management of Shares

5.1 Shareholders

Names of the first ten largest shareholders including the number of shares held
and the percentage distribution of shares as of 4th March, 2011

		Number of shares	%
1	Thailand Securities Depository Company Limited For Depositors	4,332,468	43.33
2	Mrs. Phirawan Changsirivattanathamrong	2,284,300	22.84
3	Miss Natthira Tangsubkul	1,321,467	13.22

		Number of shares	%
4	Mr. Phiphat Tangsubkul	807,282	8.07
5	Miss Bangon Tangsubkul	302,250	3.02
6	Mr. Sittichai Ungklomklearw	270,000	2.70
7	Mrs. Suphawan Tangsubkul	185,000	1.85
8	Thailand Securities Depository Company Limited For Foreign Depositors	62,600	0.63
9	Mr. Somsak Sudjaritputtangkul	45,000	0.45
10	Mr. Soran Sangsananan	30,000	0.30

Remark: data from the share distribution from the Thailand Securities Depository as of 4th March 2011

5.2 Management

The Board of Directors

The company's Board of Directors consists of 8 directors of which

	Name	Position
1. Ass. Prof. Dr. Phiphat	Tangsubkul	Chairman
2. Suphawan	Tangsubkul, M.D.	Vice President
3. Sitichai	Ungklomklearw, M.D.	Director
4. Miss Bangon	Tangsubkul	Director
5. Mr. Monthien	Kaeowong	Independence Director
6. Ass. Prof. Dr. Poonsak	Vaisamruat	Independence Director/ Audit Committee Chairman
7. Miss Suda	Santiseveekul	Independence Director/ Audit Committee Director
8. Alisa	Neramittagapong, M.D.	Independence Director/ Audit Committee Director
Miss Saovaluck	Mingmongkolsri	Secretary Company

Director Authorized to sign on Behalf of the Company are as follows:

The directors authorized to sign on behalf of the company consist of two signatures of the company directors, comprise of Ass. Prof. Dr. Phiphat Tangsubkul, Dr. Suphawan Tangsubkul, Dr. Sittichai Ungklomklearw, and Miss Bangon Tangsubkul, with the Company's seal.

The Scope of Authorities and Responsibilities of the Company's Directors

1. Organizing the Shareholder's Meeting annually within 4 months from the end of the company's accounting period.
2. Organizing the Board of Directors' Meeting at least once every three months.
3. Facilitating the Company's Balance Sheets and Income Statements to be made at the end of the company's accounting period, of which the auditors have made an audition, and subsequently presented at the shareholder's meeting for approval.

4. Managing the company in accordance with the laws and regulations, the company's objectives, and the consents from the shareholders' meeting with integrity and with a reserved good faith in the company's benefits and with the responsibilities to the shareholders at all time.
5. Shall make policies and directions for the company's operations. Together with, monitoring that the plans are rolled out effectively and efficiently.
6. Ensuring that there is the internal auditing system in place effectively.
7. Responsible to ensure for the transparency, accuracy, and adequacy of the notification of the company's financial information, as well as, other information reporting to the shareholders and investors.
8. The Directors are authorized to decide on the structure of administration, to appoint management committee, Chief Executive Officer, or other Directors as appropriate.

Audit Committee

1. Ass.Prof.Dr.Poonsak	Vaisamruat	Audit Committee Chairman
2. Miss Suda	Santiseveekul	Audit Committee Director
3. Alisa	Neramittagapong, M.D.	Audit Committee Director
4. Miss Saovaluck	Mingmongkolsri	Secretary

The Scope of Duties and Responsibilities of the Audit Committee

The Audit Committee is scheduled to meet every 3 months and have duties and responsibilities as follows:

1. Coordinate with the internal auditing unit of the company in the areas of strategic planning, reporting , and evaluating performance and problems affecting the company's controlling system.
2. Give advices on positioning and remuneration of account auditor. At the same time, coordinate with the account auditor to find solutions to problems and important matters that require attention.
3. Review and provide consultation for the outcomes and proposals raised by the account auditor and the internal auditing body. In addition, the implementation of the valuable suggestions is to be followed up together with the reporting of such actions to the company's board and committee.
4. Review the account information reported by the company before presenting to the committees.
5. Ensure that the significant risks are being properly managed
6. Ensure that the rules regulations given by the Exchange Commission and the Stock Exchange of Thailand are followed

Remuneration Sub-Committee

1. Mr.Monthien Kaeowong	Chairman of Remuneration Sub-Committee
2. Miss Bangon Tangsubkul	Remuneration Sub-Committee
3. Alisa Neramittagapong, M.D.	Remuneration Sub-Committee

The Scope of Authorities and Responsibilities of the Sub-Committee for Compensation and Benefits

1. Deciding on the remunerations for the Board of Directors and presenting at the Board of Directors meeting, then subsequently presenting to the shareholders for the final approval.
2. Deciding and approving the remunerations resulted from the ESOP warrants.

Management Committee

The company has 4 management committees as follows:

- | | |
|--------------------------------------|---------------------------------------|
| 1. Ass. Prof. Dr. Phiphat Tangsubkul | Chairman of the Executive Board / CEO |
| 2. Dr. Suphawan Tangsubkul, M.D. | Executive Director |
| 3. Dr. Sitichai Ungklomklearw, M.D. | Executive Director |
| 4. Miss Bangon Tangsubkul | Executive Director |

The Scope of Authorities and Responsibilities of the Management Committee

The scope of authorities and responsibilities of the Management Committee includes the regular operations' administration and management of the company. The main authorities and responsibilities are:

1. Plan the policy, business strategy, budget, management structure, and other operations guidelines of the company with consideration of the economic and social conditions.
2. Carry out the business and manage company's business activities with objective, regulations, policy, delegation or consents of the Board of Directors from the Board's meeting or from the company's shareholder meeting.
3. Plan the organization structure, management authority, appointment, employment, allocation, and termination of employment.
4. Operate in other issues as being given by the Board of the Directors on occasional basis.

Directors and Management's Remuneration

Remuneration for the Directors.	0.43	Million Baht.
Remuneration for Management Team (Including managements that are not directors)	16.69	Million Baht.
Total Remuneration for Directors and Management	17.12	Million Baht.

Remark : The payments to committees are given as meeting allowance, whereas for the management, the payments are given as salaries, over-time payments, doctor fees, bonuses, social securities, and other benefits.

- ◆ 4 committees with management position

		Payment for board committee
1. Dr.Phiphat	Tangsubkul	140,000
2. Sittichai	Ungklomklearw , M.D.	60,000
3. Suphawan	Tangsubkul , M.D.	60,000

Payment for board committee

4. Miss Bangon Tangsubkul	60,000
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- ◆ 1 committee without management position

Payment for board committee

Mr.Monthien Kaeowong	40,000
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- ◆ 3 Independent committees are as listed below. The criteria of independent committees selection (in consistency with the No. 16 of Thailand Securities and Exchange Commission TJ28/2008) include (1) possess no more than 1% of company's shares with voting rights, (2) never been and not in a company's committee that involve in management or receive salaries from the company or in control of the company, with an exception of 2 years absency from such position. However, this does not include the independent committees who had been in public sector or a consultant of public sector which holds shares or in control of the company, (3) not a person related by blood or by law as parents husband wife siblings children and husband or wife of the management/major share holders/person with controlling power/ person to be nominated to be in management position or have controlling power, (4) never been and not related in business activities with the company in any manners which may cloud the independent judgment, (5) never been and not an auditor for the company unless have been absent from that position for more than 2 years, (6) never been and not a consultant of any fields including financial consulting or legal consulting that receive a consulting fee of more than Baht 2 million per year from the company, unless have been absent from that position for more than 2 years, (7) not a committee that elected to be a nominee of the company's committees, (8) not operates a business of the same condition and in competition with the company's business, (9) not possess any other characters which may compromise the independent judgment on the company's operations.

The independent committees who meet the (1) to (9) criteria may be assigned by the board of committees to make committee decisions on the company's operations matters.

In case the independent committees elected used to be or have any business relationships or received consulting fee exceeding the limit sent in the criteria (4) or (6), the company's committees may relax the criteria if consider that to have no impact on the role and independent judgment, and the company reported the following information in the letter to shareholders to appoint the independent committees already; (a) the business relationships or the consulting activities which not meet the criteria, (b) reasons and needs to appoint or keep the person to be an independent committee, (c) opinions of the company's committees who nominated the person to be an independent committee.

Payment for board audit committee

Ass.Prof.Dr.Poonsak Vaisamruat	40,000
Miss Suda Santiseveekul	15,000
Alisa Neramittagapong, M.D.	15,000

Directors' Meeting Participation in 2009

	Attendance / Total Directors Meeting (Time)		
	Board of Directors	Management Committee	Audit Committee
1. Ass. Prof. Dr. Phiphat Tangsubkul	4/4	5/5	-
2. Dr. Sitichai Ungklomklearw, M.D.	4/4	5/5	-
3. Dr. Suphawan Tangsubkul, M.D.	4/4	5/5	-
4. Miss Bangon Tangsubkul	4/4	5/5	-
5. Mr.Monthien Kaeowong	4/4	-	-
6. Ass.Prof.Dr.Poonsak Vaisamruat	4/4	-	4/4
7. Miss Suda Santiseveekul	3/4	-	3/4
9. Dr. Alisa Neramittagapong, M.D.	3/4	-	3/4

Auditor's Remuneration

The auditor's remuneration for the year 2009 is 450,000 Baht per year by the Pitisavi & Company.

Details of the Board of Directors and Management

Remark: data from the share distribution from the Thailand Securities Depository as of 4th March, 2011

Name – Surname / Position	Age (Years)	Education	Shareholding (%)	Relationship	Work experiences in the past 5 years	
					Period	Position / Company
1) Ass. Prof. Dr. Phiphat Tangsubkul Chairman and Authorized Director	67	- Ph.D. in International Law, France - Attended the Director Accreditation Program (DAP) - Attended the Financial for Non-finance Directors	8.07	-	1985-Current	- Chairman and CEO at the Wattana Karnpaet Public Company Limited
2) Dr. Sitichai Ungklomklearw, M.D. Director and Authorized Director	57	- M.D., Siriraj, Mahidol University, Thailand - Board Certification Specialist in Surgery, Siriraj, Mahidol University, Thailand - Attended the Director Accreditation Program (DAP)	2.70	-	1986-Current	- Medical Director and Head of Surgical Department at the Wattana Karnpaet Public Company Limited
3) Dr. Suphawan Tangsubkul, M.D. Director and Authorized Director	65	- M.D., Chiangmai University, Thailand - Attended the Director Accreditation Program (DAP) - Attended the Financial for Non-finance Directors	1.85	Wife of (1)	1985-Current	- Vice- Medical Director and Managing Director at the Wattana Karnpaet Public Company Limited
4) Miss Bangon Tangsubkul Director and Authorized Director	71	- Bachelor of Commerce, Thammasat University, Thailand - Attended the Director Accreditation Program (DAP)	3.02	Sister of (1)	1985-Current	- Financial Manager at the Wattana Karnpaet Public Company Limited
5) Mr. Monthien Kaeowong Director	82	- Bachelor of Law, Thammasat University, Thailand - Attended the Director Accreditation Program (DAP)	0.013	Husban of (4)	2004-Current	- Independent Lawyer

Name – Surname / Position	Age (Years)	Education	Shareholding (%)	Relationship	Work experiences in the past 5 years	
					Period	Position / Company
6) Ass.Prof.Dr.Poonsak Vaisamruat Independent Director, Chairman of the Audit Committee	58	- Bachelor of Law (Honours Class 2), Chulalongkorn University, Thailand - Doctoral de l' University de Paris II (Droit Administratif) (Mention tres bien) 1981 - Attended the Director Accreditation Program (DAP)	-	-	2004-Current	- Lecturer at the Law Faculty, Turakit Bandit University, Bangkok - Speaker for the subject of philosophy and Public Company Law for Undergraduates and higher degrees (1993 – Current) - Chairman of Audit Committee at the Wattana Karnpaet Public Company Limited
7) Miss Suda Santiseveekul Audit Committee	60	- Bachelor of Finance, Turakit Bandit University, Thailand - Attended the Director Accreditation Program (DAP)	0.002	-	2000-Current	- Audit Committee at the Wattana Karnpaet Public Company Limited
8) Alisa Neramittagapong, M.D. Audit Committee	34	- Medical Doctor, Khonkean University, Thailand - Board Certification Specialist in Anesthetics, Khonkean University, Thailand	-	-	8 th of June, 2008 Current	- Anesthetist Doctor at Udonthani Provincial Hospital (2005- Current) - Audit Committee at the Wattana Karnpaet Public Company Limited
9) Mrs. Darunee Venghuk Human Resources Manager	44	- Certificate of Accounting Udon Panichakarn-Changkon College Udonthani, Thailand	-	-	1985-Current	- Human Resources Manager at the Wattana Karnpaet Public Company Limited

6. The principle of good Corporate Governance

6.1 Strategies for monitoring and managing the business








The company recognizes the importance of possessing a good corporate governance to inform the shareholders and the public and at the same time enable an auditing process for the company. The company focuses on being transparent in practicing the business and reporting the information. Risks related to the business are recognized by the monitoring system in place. The identified risks are in turn managed as deemed appropriate. In addition, the company has implemented code of ethics for the board and the employees to follow.

6.2 Shareholders' rights

The shareholders meeting was held in a meeting room provided by the company. The company annual report was distributed to all shareholders 7 days before the meeting to study and comment as deemed appropriate. If shareholder cannot attend the meeting, proxy should be assigned to an appropriate person or the audit committee. The meeting was precisely and properly documented.

6.3 Stakeholders' rights

The board of directors recognizes the importance of the rights of the stakeholders both inside and outside the company.

Shareholder		The company dedicates to operate the business effectively and sustainably for the highest benefits of the shareholders, and by following the Corporate Governance principal.
Employees		The company interacts with each employee with equity and fairness.
Suppliers		The company abides by the contracts with all suppliers.
Creditors		The company practices under borrowing contracts.
Customers		The company provides patient care equally to every patient. The hospital has a customer relations department to seek and act upon the patients' comments and feedback.
Competitors		The company competes with competitors fairly, and avoids unfair tactics to destroy the competitors.
Society / Community		The company acts responsible towards the environment of community and society.

6.4 Shareholders' meetings

At the company's Shareholders Meeting, the important matters are presented to the shareholders for approval. The presentations of the matters are in compliance with laws and regulations prescribed by the SET as well as the company's regulations. The chairman of the meeting ensures equal opportunities for every shareholder to express their opinion on the progress of the company. The shareholders were also encouraged to raise any suggestions to improve the current practice. The significant suggestions and comments were documented as a part of the meeting report.

6.5 Leadership and vision

- The board of directors sets vision, duty, strategy, goal, business plan, and budget for the company. The management, under the monitoring of the board of directors, is responsible for ensuring that everything goes according to plans in order to improve the economic performance of the company, at the same time, provide the highest stability to all shareholders.
- The board of directors sets the internal controlling system and the effective risk management procedure, at the same time, provides constant monitoring for the system in place.
- The board of directors clearly allocates roles and responsibilities among the board, the committees, and the management to work independently from one another.
- The board of directors monitors the committees to give approval to all usual expenses take place in the company with exceptions for those require shareholders' opinion as stated in the guidelines given by The office of Securities and Exchange Commission and the Stock Exchange of Thailand.

6.6 Conflict of interests

The board has provided a strategy and procedure for approving related matters in order to prevent the use of confidential information by the board or the management for their own benefits.

It is required that the management has to report changes in the number of shares they hold to the auditing committees and the Stock Exchange of Thailand as stated in Topic 59 of the statute. It is not permitted for the management or the organization who has acquired the confidential information to reveal such information to any outsiders. Selling shares of the company within one month prior to the publishing of the company financial budget report is also prohibited.

6.7 Business ethics

The company provides code of ethics for all directors and employees . The code is to be followed by all with honesty. The company also follows the code for general practice including the company's penalty procedure.

6.8 Balancing power of Non-Executive Director

The Board of Directors consists of 8 directors of which one third of the total number of the directors are independent directors.

6.9 Aggregation or segregation of positions.

CEO and the Board director are the same person.

6.10 Remuneration for directors and the management

The company set the remuneration of the directors and the management in accordance with the approval from the shareholders' meeting.

6.11 Payment to Financial Auditor

The company sets the payment to auditor of the Sumnakgan Pitisevi in the year 2009 to be 450,000 Baht per year.

6.12 Board of directors' Meetings

The board of directors' meeting is to take place at least 4 times a year, with additional meetings to be called if necessary. Meeting invitations are distributed to the directors at least 7 days prior to the meeting to ensure the sufficient time is given for the directors to study the meeting materials. The minute of each meeting is reported, recorded, and ready to be inspected if required.

6.13 Committees

The company has set 2 groups of committees as follows:

1. The Audit Committee has the duration for position for 2 years, comprised of 3 persons (as stated in the management structure section) and all the Audit Committees are also the company's independent directors.
2. The Remuneration Committee comprised of 3 persons (as stated in the management structure section).

6.14 Internal controlling auditing systems.

The company balances the management roles and authority between the operation level, auditors, and the management level to ensure the cross-checking between one another. The company appoints the internal auditors to investigate on financial system and report directly to the responsible management.

The company has rules and guidelines to ensure that employees work towards the same goals. In addition, the six monthly performance evaluation process is in place to acknowledge the good performance. There is also a regular education and training program to improve technical skills and knowledge of the employees in order to consequently increase their level of efficiency.

6.15 Managing Risks.

The board of the company recognizes risks that can affect the performance of the company, which stated in report on page 5. The board will take responsibility of evaluating the risk.

6.16 Board committee's reporting.

The board of the company is responsible for the company's financial budget which has been done according to the standard accounting guidelines in Thailand. This includes publishing sufficient important information in the explanation accompanying the financial budgeting.

The internal controlling system of the company in general is satisfactory and credible. This is partly shown by the auditing committee's report which can be found in the annual report.

6.17 Relations with investors.

The company discloses important information correctly, timely and transparently according to the guidelines given by the Stock Exchange of Thailand. The company information can be obtained by contacting Miss Saovaluck Mingmongkolsri Tel. 042-241031-3, or e-mail : admin@wattanahospital.net.

6.18 Internal control of information

The company has a policy on the internal control of information as described in 6.6 Conflict of interests.

6.19 Dividend policy

The company has a policy to pay the dividend at least 50 per cent of the net profit after deducting income tax and legal reserve of the company in case of no unusual events and no significant effect to the company's operations. For dividend payment, the company must consider the company's operating results, liquidity, and business expansion.

The company's dividend payment has to be approved by shareholders and/or the Board of Directors as appropriate.

7. Related Transactions**OPINION OF THE AUDIT COMMITTEE REGARDING RELATED TRANSACTIONS**

I, Ass.Prof.Dr.Poonsak Vaisamruat, Chairman of the Audit Committee of Wattana Karnpaet Public Company Limited, had provided his opinion on the transactions between the Company and the 21 Sattawat Vejchakit Company Limited, and the loans from the directors to the Wattana Karnpaet Public Company Limited, as follows:

The company has related transactions with the 21 Sattawat Vejchakit Company Limited where no individual who might cause a conflict of interest have their shares in the mentioned affiliated company more than 10 per cent. The related transactions are the referral of patients, which the prices and conditions are complied to a regular business agreement. Although the Company and the 21 Sattawat Vejchakit Company Limited are both in alike business, the customer groups are of different natures. With the 21 Sattawat Vejchakit Company Limited, the target customers are those who seek medical check up, patients with mild illness, or patients require first aides. These groups of customers come from the close vicinity of the 21 Sattawat Vejchakit Company Limited, which locates in a different province from the Company. The above mentioned referral of patients activities are mostly the 21 Sattawat Vejchakit Company Limited referring the patients to the Company's hospital for further treatments, which exceeding the service scopes of the 21 Sattawat Vejchakit Company Limited.

With the financial assistance offered to the Company by the directors, the agreed interest rates are comparable to that of the market rates with the appropriate conditions. The company has this detail in the Notes to Financial Statements.

7.1 Regulations and Procedures for an Approval of Related Transactions

Related transactions within a regular business activities, the company sets up the prices and conditions with respect to the standard market prices and fair conditions, with the best practice for company's benefits at the prime consideration. The company will report the related transactions' conditions to the Audit Committee to consider its necessity and other reasonable transactions issues as deemed appropriate.

The company conforms with the Securities and Exchange Commission's regulations on related transactions; and conforms with rules and regulations, announcements, or any conditions or obligations of the Stock Exchange of Thailand, including rules on the disclosure of related transactions, acquisition, or the company's asset distribution. To approve the transactions, the relevant Directors or the relevant shareholders are not allowed to vote on such matter.

7.2 Policy or Trend to Make Related Transactions in the Future

The company foresees that there are still related ongoing transactions as a regular business operation with the 21 Sattawat Vejchakit Co.,Ltd. on the patient referral activities because it is of the benefits for the Wattana Karnpaet Public Company Limited. For financial assistance from the directors, the company intends to pay back over a period of time. The company has no policy to have any more of financial assistance from the directors unless necessary, for example, when the company facing with liquidity problems. On such issue, the Directors will act by regulations and procedures for future related transactions as stated above. The company will disclose the related transactions in the audited Note to Financial Statements, with an awareness to comply with the generally accepted accounting principles.

8. Summary of Financial Results and Operation

The company operates a private hospital in Udonthani under the name of “North-Eastern Wattana Hospital”

8.1 Operating Performance

Service Revenue

In 2010, the total income of the hospital was Baht 216.241 million, which increased from Baht 189.916 million last year, or increased by 13.9 per cent. It was the revenue from sale of goods and rendering of services in 2010 of Baht 212.913 million, increased from Baht 187.626 million in 2009, or an increase of 13.5 per cent. The increased income was due to the medical capacity and capability upgrading by means of increasing number of specialists and medical equipments. In addition, the improvement in the services and the service areas, also offer a more convenient experience for the customers. Further more, the focuses had been on the continuing medical treatment quality improvement, which resulting in the customers being more satisfied and consequently, attracting more number of customers.

Cost of Services

The total cost in 2010 was Baht 199.359 million, increased from Baht 174.523 million, or a 14.2 per cent increase. This comprises of the increase in the cost of services, which was Baht 157.902 million in 2010, increased from Baht 142.298 million of last year, or a 11.0 per cent increase. This increase in costs was resulted from the increase in number of medical personnels in order to provide adequate services to increasing customers.

Selling and Administrative Expenses

The increase in the selling and administrative expenses in 2010 was Baht 41.457 million, increased from Baht 32.225 million of last year, or an increase of 28.7 per cent. The increase was from the increase of marketing activities and extra-ordinary expenses which related to the company not renewing the services contract with the National Health Security Organisation (NHSO) which took place in 2010.

Interest payment

The interest payment in 2010 was Baht 5.061 million; decreased from Baht 5.650 million of last year, or a 10.4 per cent decrease.

Income tax

In 2010 the company has an income tax of Baht 3.818 million which increased from Baht 0.679 million in last year, or an increase of 462.3 per cent.

Net profit

The company's net profit from the operation decreased from Baht 9.064 million to Baht 8.004 million, or a decrease of 11.7 per cent. Or a profit of 0.80 Baht per share.

8.2 Financial Position**Capital Structure**

The capital structure of the company can be summarized as follows (in percentage):

Current Assets	8	Current Liabilities	18
Non-current Assets	89	Long term debts	9
Other Assets	3	Shareholders' Equity	73
Total Assets	100	Total Liabilities and Shareholders' Equity	100

The company has current liabilities at 18.0 per cent when compared with the total assets. Most of the assets are in the form of fixed assets, which is 89 per cent. This is considered normal for this type of industry where there is a requirement for high investment in buildings and medical equipments.

Assets

In 2010, the company's the total assets amount to Baht 408.370 million, increased from Baht 400.380 million in last year, or an increase by 2.0 per cent. This consists of the current assets of Baht 34.574 million in 2010, increased from Baht 28.593 million in 2009, or an 20.9 per cent increase. The non-current assets in 2010 was Baht 373.796 million, increased from Baht 371.786 million in last year, or 0.54 per cent.

Liabilities

In 2010, the company has an increase in the total liabilities from Baht 109.961 million in 2009 to Baht 112.447 million in 2010, or 2.3 per cent increase. The current liabilities increased by 24.0 per cent, whereas the non-current liabilities decreased by 23.0 per cent. As a part of non-current liabilities, the long-term loan from financial institute decreased from Baht 50.335 million in 2009 to Baht 38.852 million in 2010, or a decrease of 22.8 per cent.

Shareholders' Equity

In 2010, the company's shareholders' equity increased from Baht 290.419 million to Baht 295.923 million, or 1.9 per cent. The unappropriated retained earnings increased from Baht 117.919 million in last year to Baht 123.423 million, or an increase of 4.7 per cent.

In 2010, the company has cash flow from operating activities of Baht 11.978 million, which decreased from Baht 22.130 million in 2009, or decreased by 45.9 per cent. Cash flow used in the investing activity in 2010 is Baht 9.949 million, which the company has purchased medical equipments and instruments in order to serve the customers' needs. Cash flow used for the financing activity was Baht 2.504 million, which was due to the loan repayment and the increased dividend payment. Resulting in the company has the net cash and cash equivalent decreased by Baht 0.475 million. Once taking into account the amount of the

year beginning balance of Baht 6.661 million, the company has cash balance as at the 31st December, 2010 in the amount of Baht 6.186 million.

The current ratio of the company in 2010 was 0.47 times which changed a bit from 2009.

WATTANA KARIPAET PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

As At December 31, 2010 and 2009


INDEPENDENT AUDITOR'S REPORT

TO SHAREHOLDERS OF
WATTANA KARIPAET PUBLIC COMPANY LIMITED

I have audited the balance sheet as at December 31, 2010, the related statements of income, changes in shareholders' equity and cash flow for the year then ended of Wattana Karnpaet Public Company Limited. These financial statements are the responsibility of the Company's managements as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. The financial statements of Wattana Karnpaet Public Company Limited for the year ended December 31, 2009, which are presented for comparative purpose, were audited by another auditor in my office whose report dated February 28, 2010, expressed an unqualified opinion.

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 evaluation of 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 Wattana Karnpaet Public Company Limited as at December 31, 2010, and the result of its operation and its cash flow for the year then ended in conformity with generally accepted accounting principles.



(Miss Chaovana Viwatpanachati)

Certified Public Accountant (Thailand) No. 4712

PITISEVI & COMPANY

8/4 Floor 1st,3rd Soi Viphavadee 44

Chatuchak Bangkok

February 25, 2011

WATTANA KARNPAET PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT DECEMBER 31, 2010 AND 2009

		Unit : Baht	
<u>ASSETS</u>	<u>Note</u>	<u>2010</u>	<u>2009</u>
CURRENT ASSETS			
Cash and cash equivalents	6	6,185,875.68	6,660,689.73
Trade accounts and notes receivable - net	7	15,056,724.57	11,573,485.64
Accrued medical service fees for the Universal Health Coverage Scheme		292,611.21	-
Inventories		5,458,307.89	5,457,115.65
Other current assets	5	7,580,650.99	4,901,953.12
Total current assets		34,574,170.34	28,593,244.14
NON - CURRENT ASSETS			
Cash at bank held as collateral	8	5,620,000.00	6,695,072.35
Accounts receivable and long - term loan to related company - net	5	-	-
Property, plant and equipment - net	9	363,963,135.99	361,070,400.46
Intangible assets - net	10	1,204,480.76	1,341,529.57
Other non - current assets		3,008,548.40	2,679,481.53
Total non - current assets		373,796,165.15	371,786,483.91
TOTAL ASSETS		408,370,335.49	400,379,728.05

WATTANA KARNPAET PUBLIC COMPANY LIMITED

BALANCE SHEETS (Cont.)

AS AT DECEMBER 31, 2010 AND 2009

		Unit : Baht	
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Note</u>	<u>2010</u>	<u>2009</u>
CURRENT LIABILITIES			
Bank overdraft and short - term loan			
from financial institution	11	15,590,883.23	10,496,185.47
Trade accounts and notes payable		10,988,483.63	12,369,408.37
Current portion of long - term liabilities			
Long - term loans from financial institution	12	11,515,200.52	10,971,051.50
Hire - purchase payable	13	203,484.63	190,556.55
Short - term loans from related persons	5	13,000,000.00	7,000,000.00
Advanced medical service fees for the Universal Health Coverage Scheme		-	568,141.56
Accrued expenses	5	15,420,550.03	14,391,544.97
Other current liabilities	5	6,465,118.21	3,040,257.93
Total current liabilities		<u>73,183,720.25</u>	<u>59,027,146.35</u>
NON - CURRENT LIABILITIES			
Long - term loans from financial institution - net	12	38,852,181.06	50,334,901.25
Hire - purchase payable - net	13	411,559.53	598,639.18
Total non - current liabilities		<u>39,263,740.59</u>	<u>50,933,540.43</u>
TOTAL LIABILITIES		112,447,460.84	109,960,686.78

WATTANA KARIPAET PUBLIC COMPANY LIMITED

BALANCE SHEETS (Cont.)

AS AT DECEMBER 31, 2010 AND 2009

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Unit : Baht	
		2010	2009
SHAREHOLDERS' EQUITY			
Share capital			
Authorized share capital			
Common shares 10,000,000 shares of Baht 10.- each		100,000,000.00	100,000,000.00
Issued and fully paid - up share capital			
Common shares 10,000,000 shares of Baht 10.- each		100,000,000.00	100,000,000.00
Premium on common shares		62,500,000.00	62,500,000.00
Retained earnings			
Appropriated - legal reserves	14	10,000,000.00	10,000,000.00
Unappropriated		123,422,874.65	117,919,041.27
Total shareholders' equity		295,922,874.65	290,419,041.27
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		408,370,335.49	400,379,728.05

WATTANA KARNPAET PUBLIC COMPANY LIMITED
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

		Unit : Baht	
	Note	2010	2009
REVENUES			
Revenue from hospital operations	5	212,913,351.95	187,625,855.10
Other income	5	3,328,094.72	2,289,971.90
Total revenues		216,241,446.67	189,915,827.00
EXPENSES			
Cost of hospital operations	5	150,268,562.03	136,991,982.35
Administrative expenses	5	32,401,676.08	23,863,330.02
Managemen benefit expenses	5	16,688,457.00	13,667,756.00
Total expenses		199,358,695.11	174,523,068.37
Profit before finance cost and corporate income tax		16,882,751.56	15,392,758.63
Finance cost	5	(5,060,767.80)	(5,649,603.29)
Profit before corporate income tax		11,821,983.76	9,743,155.34
Corporate income tax	17	(3,818,150.38)	(679,422.06)
Net profit for the year		8,003,833.38	9,063,733.28
Basic earnings per share (baht : share)		<u>0.80</u>	<u>0.91</u>
The weighted - average number of common share			
(shares)		<u>10,000,000</u>	<u>10,000,000</u>

WATTANA KARIPAET PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Unit : Baht						
	Note	Issued and fully paid - up share capital	Premium on common shares	Retained earnings		Total
				Appropriated Legal reserves	Unappropriated	
Balance as at January 1, 2009		100,000,000.00	62,500,000.00	10,000,000.00	109,355,307.99	281,855,307.99
Dividend paid	15.2	-	-	-	(500,000.00)	(500,000.00)
Net profit for the year		-	-	-	9,063,733.28	9,063,733.28
Balance as at December 31, 2009		100,000,000.00	62,500,000.00	10,000,000.00	117,919,041.27	290,419,041.27
Dividend paid	15.1	-	-	-	(2,500,000.00)	(2,500,000.00)
Net profit for the year		-	-	-	8,003,833.38	8,003,833.38
Balance as at December 31, 2010		100,000,000.00	62,500,000.00	10,000,000.00	123,422,874.65	295,922,874.65

WATTANA KARNPAET PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

		Unit : Baht	
	Note	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before income tax		11,821,983.76	9,743,155.34
Reconciliation of net profit to net cash provided by (used in) operating activities :			
Depreciation and amortization	9, 10	13,704,902.97	12,138,728.69
Provision for doubtful accounts	7	2,859,632.20	987,514.50
Reversal of doubtful accounts	5	(332,281.77)	(316,109.07)
Gain from disposal of fixed assets		(99,999.00)	-
Written off - Withholding tax		598,346.81	-
Interest expenses		4,620,503.78	5,113,494.81
Profit provided by operating activities before changes in operational assets and liabilities		33,173,088.75	27,666,784.27
Decrease (Increase) in operating assets :			
Trade accounts and notes receivable		(6,342,871.13)	(4,900,116.87)
Accrued medical service fees for the Universal Health Coverage Scheme		(292,611.21)	2,520,111.99
Inventories		(1,192.24)	(1,350,979.32)
Other current assets		(2,678,697.87)	1,261,313.26
Other non - current assets		(927,413.68)	-
Increase (Decrease) in operating liabilities :			
Trade accounts and notes payable		(1,380,924.74)	30,563.98
Advanced medical service fees for the Universal Health Coverage Scheme		(568,141.56)	568,141.56
Accrued expenses		(1,672,696.39)	5,472,712.29
Other current liabilities		(1,599,646.17)	(2,971,487.62)
Cash provided by operating activities		17,708,893.76	28,297,043.54
Interest expenses		(4,614,325.95)	(5,109,343.53)
Corporate income tax		(1,116,448.93)	(1,057,318.94)
Net cash provided by operating activities		11,978,118.88	22,130,381.07

WATTANA KARNPAET PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (Cont.)

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

		Unit : Baht	
	Note	2010	2009
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in cash at bank held as collateral		1,075,072.35	(36,815.45)
Receipt from accounts receivable and long - term			
loan to related company	5	332,281.77	316,109.07
Cash receive form disposal of fixed assets		100,000.00	-
Cash paid for purchase of fixed assets	9	(11,456,075.39)	(11,644,650.02)
Cash paid for purchase of intangible assets		-	(995,988.10)
Net cash used in investing activities		(9,948,721.27)	(12,361,344.50)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in bank overdraft and short - term loan from			
financial institution		5,094,697.76	(1,571,704.86)
Receipt of short - term loan from related persons	5	7,000,000.00	8,000,000.00
Repayments of short - term loans from related persons	5	(1,000,000.00)	(3,500,000.00)
Receipt from long - term loans from financial institution	12	-	1,140,000.00
Repayments of long - term loans from financial institution	12	(10,938,571.17)	(9,323,765.81)
Repayments of hire - purchase payable		(174,151.57)	(160,753.69)
dividend paid	15	(2,486,186.68)	(503,760.88)
Net cash provided by (used in) financing activities		(2,504,211.66)	(5,919,985.24)
Net increase in cash and cash equivalents		(474,814.05)	3,849,051.33
Cash and cash equivalents at beginning of the year		6,660,689.73	2,811,638.40
Cash and cash equivalents at end of the year		6,185,875.68	6,660,689.73

SUPPLEMENTAL DISCLOSURES OF CASH FLOWS

INFORMATION :

1	Non - cash transactions		
	Acquire assets through credit term	9	5,004,515.30
	Acquire assets through financial lease		-
	Accrued dividend	15	13,813.32
2	Unrealize credit facilities for future working capital		6,005,538.97

WATTANA KARNAET PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2011 AND 2010****1. GENERAL INFORMATION**

The Company was registered under the Civil and Commercial Code on March 15, 1985, and on June 9, 1994, it was registered to be a Limited Public Company. Its office is located at 70/7-8 Suphakitjanya Road, Mhakkang sub-district, Muang Udonthanee district, Udonthanee. The Company's main business activity is operating hospital under the name " North Eastern Wattana Hospital ".

2. BASIS OF THE INTERIM FINANCIAL STATEMENT PREPARATION

The statutory interim financial statements are prepared in Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements have been prepared in accordance with Thai Accounting Standards under the Accounting Act B.E. 2543 (2000) being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 (2004) including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535 (1992).

The financial statements have been presented in accordance with Thai Accounting Standard No. 1 (Revised 2007) subject : "Presentation of Financial Statements" and the requirements of The Department of Business Development announcement subject : The mandatory items, have to be presented in the financial statements, B.E. 2552 under the Accounting Act B.E. 2543 which is effective for the preparation of financial statements of the Public company limited for the accounting period commencing on or after January 1, 2009.

The financial statement are prepared on the historical cost basis in measuring the value of the component of financial statement except as described the following accounting policies.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

In June 2009 and November 2010, the Federation of Accounting Professions has issued Notification No. 12/2552 and 49/2553, regarding the renumbering of Thai Accounting Standards to match the corresponding International Accounting Standards. Therefore the numbers of Thai Accounting Standards as used in these financial statements are corresponded to those per this notification.

The Federation of Accounting Professions (FAP) has issued certain Notifications regarding Framework for the Preparation and Presentation of Financial Statements (Revised 2009), Thai Accounting Standard (TAS), Thai Financial Reporting Standard (TFRS) and Thai Financial Reporting Interpretations Committee (TFRIC), which were announced and these have been published in the Royal Gazette as the following :

3.1 Framework for the Preparation and Presentation of Financial Statements (Revised 2009), which is immediately effective.

The management has assessed that the effect of these Framework for the Preparation and Presentation of Financial Statements, will not have any significant impact on the Company's financial statements.

3.2 Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS) and Thai Financial Reporting Interpretations Committee (TFRIC) which are not yet effective for the current year and the Company has not applied such standards before the effective period.

3.2.1 Thai Accounting standards will become effective for the financial statements for fiscal years beginning on or after January 1, 2011.

Thai Accounting Standards

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 Economics
TAS 31 (Revised 2009)	Interests in Joint Venture
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

Thai Financial Reporting

Standards

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

Thai Financial Reporting Interpretations Committee

TFRIC 15 Agreements for the Construction of Real Estate

3.2.2 Thai Accounting Standards will become effective for the financial statements for fiscal years beginning on or after January 1, 2013.

Thai Accounting Standards

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 management of the Company has assessed and reached the conclusion that these Thai accounting standards (TAS), Thai financial reporting standards (TFRS) and Thai financial reporting interpretations committee (TFRIC) will not have any significant impact on the Company's financial statements in the year of initial application except the following accounting standards :

TAS 1 (Revised 2009) states that an entity shall present all items income and expense recognised in a period in a single statement (the statement of comprehensive income) or in two statements (the separate income statement and statement of comprehensive income). In addition, this revised standard requires an entity to present a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when the entity makes a retrospective restatement or reclassifies items in the financial statements. However, for the financial statements which period begins on or after January 1, 2011 and are the first period which will apply the revised standard, an entity can choose to present statement of financial position only two statements without the statement of financial position as at the beginning comparative period.

TAS 12 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. This account standard will become effective on 1 January 2013, and the management is therefore not currently able to estimate the amount that have an affect on the financial statements for the year in which TAS 12 will be initially applied.

TAS 16 (Revised 2009) requires that the cost of an item of property, plant and equipment includes the costs of its dismantlement, removal or restoration, the obligation for which an entity incurs as a consequence of installing the item. Each significant component of property, plant and equipment is required to be separately identified and depreciated if the useful life of each significant component differs from other components. In addition, useful lives and residual values of the property, plant and equipment are required to be reviewed and adjusted, if appropriate, at least annually. At present, the management is evaluating the possible impact on the financial statements in the year in which TAS 16 will be initially applied.

TAS 19 requires employee benefits to be recognised as expense 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 using actuarial techniques. Currently, the Company accounts for such employee benefits when they are incurred. At present, the management of the Company is evaluating the possible impact on the financial statements in the year in which TAS 19 will be applied.

TAS 24 (Revised 2009) expands the definition of related party to include parties with joint control over the entity, joint venture in which the entity is a venturer and post - employment benefit plan for the benefit of employees of an entity. This revised accounting standand may affect only to the disclosure of related party information in the notes to financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue

The revenues from hospital activities mostly consist of revenue from patients treatment service, patient rooms, medicines and other revenues and recognized as revenues when sales of medicines or treatment service is already performed.

Services income of medical care received from the Office of Social Security are calculated at the average rate per person on accrual basis, the average rate is set by the Office of Social Security.

Services income of medical care under public health insurance are calculated at the fixed average rate on accrual basis. The rate is set by the Ministry of Health.

Other revenue and expense are accounted for on accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks and short-term investment in time deposits with an original maturity of three months or less and are not subject to restriction.

Trade accounts and allowance for doubtful

4.3 accounts

Trade accounts are stated at the invoiced value, after provision for doubtful accounts.

The Company provide allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection determined from debt collection experience, ageing analysis and the current financial situation of debtors.

4.4 Inventory valuation

The medical and supplies are valued at cost or net realizable value, whichever is lower. Cost is calculated by first in - first out method.

4.5 Depreciation

Property, plant and equipment are presented at historical cost less accumulated depreciation. Land is not depreciated.

The depreciation is calculated by using the straight - line method over the estimated useful life as follows:

	<u>useful life (years)</u>
Building and construction	10 - 40
Tool and medical equipment	10
Furniture, fixture and office equipment	3 - 10
Tools	5 - 10
Vehicles	5 - 10

4.6 Intangible asset and amortization

The Company's intangible assets comprise computer software presented at cost less accumulated amortization. The amortization is calculated by the straight-line method over the period expected to receive its economic benefit which is estimated by the management for 10 years.

4.7 Impairment of assets

The Company shall review the impairment of property plant and equipment and other assets whenever any conditions identify that an asset's recoverable amount (the greater of net selling price or value in used) has declined below its carrying amount are exist. The impairment of assets shall be reviewed on individual assets or cash generated units.

In case that an asset's recoverable amount has declined below its carrying amount, The Company will recognize loss from impairment in income statement. If the conditions of possible impairment do not longer exist or do exist but showing the positive sign the Company will reverse loss from impairment and record to other income.

4.8 Corporated income tax

Income tax expenses are based on tax paid and accrued for the year which are calculated from net profit after adjustment of non taxable items, revenue and expense, in accordance with the Revenue Codes.

4.9 Financial Instruments

The financial assets carried on the balance sheet include cash and cash equivalents investments, receivables, trade creditors and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.10 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit income for the year by the number of issued and paid-up shares during the year.

4.11 Provision

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.12 Significant accounting judgments and estimates

In order to prepare the financial statements to comply with generally accepted accounting standards, the Company's management had to make some estimates and suppositions which may have effects on the amount shown for revenue, expenses, assets and liabilities and also on the disclosures concerning assets and contingent liabilities. Therefore the actual result may differ from the estimated amount. The estimation and assumption used for the preparation of the financial statements are revised consistently. The adjustment of the estimation is recorded in the review period and the fortune period effected by the estimation. The significant accounting judgments and estimates as follow:

Allowance for doubtful accounts.

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

5. TRANSACTIONS WITH RELATED PERSONS AND COMPANY

The Company have transactions with related persons and company. A portion of the Company's liabilities, revenues and expenses represent transactions occurred with related persons and company.

These related persons and company are related through common directorships as the following.-

	Relationship	Operation	
		Type of Business	Location
	Related company		
21 Sattawat Vejchakit Co.,Ltd.	Having common shareholders	Hospital	Thailand
Related persons			
Directors (4 persons)	Executive directors and shareholders with two directors are a major shareholder	-	-
Related persons	Shareholder and management	-	-

The Company has policies on determining price on significant transactions with their related parties as

follows:

<u>Transaction</u>	<u>Pricing Policy</u>
Income and expenses of the intertransfer and provide services to their patients	Market price
Interest income	5.00% per annum
Medicine and medical supplies fee	The contract rate
Rental income	The contract rate, which is the approximate to market price
Purchase of medicine and medical supplies	Cost price
Interest expenses	5.50% - 6.50% per annum
	<u>Pricing Policy</u>
<u>Transaction</u>	<u>Policy</u>
Doctor fees	The same rate as those paid for non - related person

Patient's food expenses

Market price

Disposal assets to related company

Net book value plus profit

Transactions between the Company, related company and the related parties in the balance sheets as

at December 31, 2010 and 2009 were as follows:-

	Unit : Baht	
	2010	2009
Other current assets		
<u>Advance payable</u>		
21 Sattawat Vejchakit Co.,Ltd.	6,257,929.64	3,979,520.46
<u>Accrued rental income</u>		
Shareholders and management	111,000.00	30,000.00
<u>Other assets</u>		
Shareholders and management	12,330.82	40,353.17
Total Other current assets	6,381,260.46	4,049,873.63

Accounts receivable and long - term loan to related company - net

	Unit : Baht		
	Balance as at December 31, 2009	Movement during the year Additional Receipt	Balance as at December 31, 2010
21 Sattawat Vejchakit Co.,Ltd.			
Accounts receivable and loan to	22,308,450.10	- (332,281.77)	21,976,168.33
<u>Less</u> Allowance for			
doubtful debt	(22,308,450.10)	- 332,281.77	(21,976,168.33)
Net	-	- -	-

The above - mentioned loan was charged interest at the rate of 5% per annum which the repayment of principle and interest was on monthly installment basis totalling 240 installments. The first installment was commenced in January 2008 ;

<u>Installment</u>	<u>Unit : Bant</u>
1 - 59 @	120,000.00
60 - 119 @	150,000.00
120 - 240 @	180,000.00

Short - term loans from related persons

	Unit : Baht			
	Balance as at	Movement during the period		Balance as at
	December 31,	Receipt loan	Repayment	December 31,
	2009			2010
Loan from directors	2,500,000.00	6,000,000.00	(1,000,000.00)	7,500,000.00
Loan from shareholders				
and management	4,500,000.00	1,000,000.00	-	5,500,000.00
Total short - term				
loans from				
related persons	7,000,000.00	7,000,000.00	(1,000,000.00)	13,000,000.00

As at December 31, 2010 and 2009, The Company had unsecured short - term loans from four related persons by issuing promissory notes. The loans were charged interest at the rates of 5.50% - 6.50% per annum and 5.50% per annum respectively. Such loans are due within 1 year from the issuance dates of promissory notes.

	Unit : Baht	
	2010	2009
Accrued expenses		
<u>Accrued doctor fees</u>		
Directors	595,041.00	715,539.00
<u>Accrued bonus expenses</u>		
Directors	2,350,000.00	1,900,000.00
Shareholders and management	1,450,000.00	1,220,000.00
Total accrued bonus expenses	3,800,000.00	3,120,000.00
Total accrued expenses	<u>4,395,041.00</u>	<u>3,835,539.00</u>
Other current liabilities		
<u>Accrued interest expenses</u>		
Directors	19,438.35	11,678.08
Shareholders and management	27,093.14	21,020.55

Total accrued interest expenses	46,531.49	32,698.63
<u>Advance receivable</u>		
21 Sattawat Vejchakit Co.,Ltd.	828,644.91	1,386,218.13
Total other current liabilities	875,176.40	1,418,916.76

The above - mentioned advances were derived from medicines, medical supplies, doctor fee and patient- transfer service.

Significant transactions between the Company and related persons and company in the statement of income for the years ended December 31, 2010 and 2009 are as follows;-

	2010	Unit : Baht	2009
Revenue from hospital operations			
<u>Medical treatment income</u>			
21 Sattawat Vejchakit Co.,Ltd.	1,003,238.60		806,047.00
<u>Sales of medicine and medical supplies</u>			
21 Sattawat Vejchakit Co.,Ltd.	5,113,045.25		3,447,088.65
Shareholders and management	8,610.08		28,183.70
Total sales of medicine and medical supplies	5,121,655.33		3,475,272.35
Total service incomes	6,124,893.93		4,281,319.35
Other incomes			
<u>Interest income</u>			
21 Sattawat Vejchakit Co.,Ltd.	1,107,718.23		1,123,890.93
<u>Medicine suppling fees</u>			
21 Sattawat Vejchakit Co.,Ltd.	120,000.00		120,000.00
<u>Rental income</u>			
Shareholders and management	276,000.00		216,000.00
<u>Gain from disposal of fixed assets</u>			
Shareholders and management	99,999.00		-
Total other incomes	1,603,717.23		1,459,890.93
Cost of hospital operations			
<u>Purchase of medicines and medical supplies</u>			
21 Sattawat Vejchakit Co.,Ltd.	315,998.29		532,390.72
<u>Cost of services</u>			
21 Sattawat Vejchakit Co.,Ltd.	1,287,686.40		713,295.24
<u>Doctor fees</u>			

Directors	7,506,620.00	5,353,913.00
<u>Patient's food expenses</u>		
Shareholders and management	3,478,114.00	2,995,878.00
<u>Other services income</u>		
21 Sattawat Vejchakit Co.,Ltd.	249,691.20	176,800.00
Shareholders and management	1,143,316.00	850,519.40
Total other services incomes	1,393,007.20	1,027,319.40
Total cost of services	13,981,425.89	10,622,796.36

Unit : Baht

Administrative expenses

Rental

Directors	54,000.00	54,000.00
Shareholders and management	892,200.00	832,800.00
Total home and car park rental	946,200.00	886,800.00
Total administrative expenses	946,200.00	886,800.00

Management benefit expenses

Management benefit expenses	16,688,457.00	13,667,756.00
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The Company had paid remuneration to their directors and executive including salaries, bonuses, other benefits and meeting allowance.

Unit : Baht

Finance cost

Interest expenses

Directors	157,632.85	289,164.21
Shareholders and management	295,057.32	219,849.31
Total financial cost	452,690.17	509,013.52

6. CASH AND CASH

EQUIVALENTS

As at December 31, 2010 and 2009 cash and cash equivalents consist of:-

	Unit : Baht	
	2010	2009
Cash in hand	354,010.00	243,711.00
Cash at bank - current account	16,326.04	68,097.24
- saving account	5,815,539.64	6,348,881.49
Total	6,185,875.68	6,660,689.73

7. TRADE ACCOUNTS AND NOTES RECEIVABLE - NET

As at December 31, 2010 and 2009 trade accounts and notes receivable - net consist of :-

		Unit : Baht	
		2010	2009
Contract receivable		18,714,044.56	13,389,965.03
Accounts and employees receivable		3,637,258.46	2,044,964.46
Accrued income and notes receivable		922,497.75	1,496,000.15
Total		23,273,800.77	16,930,929.64
<u>Less</u>	Allowance for doubtful debt	(8,217,076.20)	(5,357,444.00)
	Net	15,056,724.57	11,573,485.64

As at December 31, 2010 and 2009 the outstanding balance of accounts receivable - net aged by number of months as follows:

		Unit : Baht	
		2010	2009
Less than or equal 3 months		9,236,868.57	8,765,370.34
Over 3 months to 6 months		3,473,583.00	1,844,301.20
Over 6 months to 12 months		2,650,145.00	1,205,171.10
Over 12 months		7,913,204.20	5,116,087.00
Total		23,273,800.77	16,930,929.64
<u>Less</u>	Allowance for doubtful debt	(8,217,076.20)	(5,357,444.00)
	Net	15,056,724.57	11,573,485.64

As at December 31, 2010 and 2009 The movement of allowance for doubtful accounts are as follows:

		Unit : Baht	
		2010	2009
Beginning balance		5,357,444.00	4,369,929.50
<u>Add</u>	during the period/year	2,859,632.20	987,514.50
Ending balance		8,217,076.20	5,357,444.00

8. CASH AT BANK HELD AS COLLATERAL

As at December 31, 2010 and 2009 Cash at bank held as collateral consist of:-

		Unit : Baht	
Type of deposit	Credit facilities	2010	2009
Fix account			
- one year	The utilization of electricity	746,658.53	742,577.81
Saving account	Bank overdraft	4,873,341.47	5,952,494.54
Total		5,620,000.00	6,695,072.35

9. PROPERTY, PLANT AND EQUIPMENT - NET

(See Note to financial page 21)

10. INTANGIBLE ASSET - NET

As at December 31, 2010 and 2009 Intangible asset - net, consist of:-

	Unit : Baht	
	2010	2009
Computer program		
Net book value as at January 1, 2010	1,341,529.57	-
Acquisitions during the year at cost	-	1,370,488.10
Amortization for the year	(137,048.81)	(28,958.53)
Net book value as at December 31, 2010	1,204,480.76	1,341,529.57

11. BANK OVERDRAFT AND SHORT-TERM LOAN FROM FINANCIAL INSTITUTION

As at December 31, 2010 and 2009, the Company had overdraft and short - term loan

from financial institution consist of:-

	Interest rate (Per annum)		Unit : Baht	
	2010	2009	2010	2009
Bank overdraft	MOR	MOR	10,590,883.23	10,496,185.47
Promissory note	MLR	MLR	5,000,000.00	-
Total			15,590,883.23	10,496,185.47

As at December 31, 2010 and 2009, the Company had overdraft credit lines of Baht 15 million from two local commercial banks with interest at the rate of MOR. The loans were secured by pledging its saving account and fixed deposit account amounting to Baht 5 million and other common collateral with long - term loans from financial institution as described in Note 12 to financial statements.

The above - mentioned promissory note was due on February 2011.

12. LONG - TERM LOANS FROM FINANCIAL INSTITUTION - NET

As at December 31, 2010 and 2009 long - term loans from financial institution - net consist of:-

		Unit : Baht	
		2010	2009
Long - term loans beginning balance		61,305,952.75	69,489,718.56
<u>Add</u>	Receipt during the year	-	1,140,000.00
<u>Less</u>	Repayments during the year	(10,938,571.17)	(9,323,765.81)
Total		50,367,381.58	61,305,952.75
<u>Less</u>	Portion due within one year	(11,515,200.52)	(10,971,051.50)
Net		38,852,181.06	50,334,901.25

As at December 31, 2010 and 2009, the Company entered into loan agreements with a commercial bank for a total credit facility, consist of:-

		Unit : Million Baht	
		2010	2009
Long - term loan		70	85
Overdraft loan		10	10
Guarantee		5	5
Total		<u>85</u>	<u>100</u>

The long - term loans as follows :-

1. Long - term loan of Baht 70 million for the repayment of another loan which shall be repaid with interest in 96 monthly installments at Baht 960,000.-. The loan was charged with, an interest at MLR per

annum, with the final installment due in year 2016. The Company has fully utilized the loan amount.

2. Long - term loan for the expansion of patient room on 7th floor of the new building and purchase of new medical equipment amounting to Baht 15 million with a repayment term of 96 monthly installments; with month 13 - 96 monthly installment of Baht 230,000. The loan shall be charged with an interest at MLR per annum with the final installment due in year 2016. In 2009 and 2008, the Company had drawn down the loan amounting to Baht 1.14 million and Baht 7.90 million respectively.

In the second quarter of 2010, the bank terminated the remaining undrawn loan facility because the Company has requested for a higher loan facility and it was under the bank's approval process.

The above - mentioned long - term loan facilities were secured by mortgaging certain part of the Company's land, building, a director's land and building and personal guarantee by 2 directors for Baht 85 million loan amount including designating the bank as its claimer for its fire insurance policy.

13. HIRE - PURCHASE PAYABLE - NET

As at December 31, 2010 and 2009 Hire - purchase payable - net, consisting of:-

		Unit : Baht	
		2010	2009
Hire - purchase payable		685,916.00	907,830.00
Deferred interest -			
<u>Less</u>	net	(70,871.84)	(118,634.27)
Total		615,044.16	789,195.73
Current portion of long - term			
<u>Less</u>	liabilities	(203,484.63)	(190,556.55)
	Net	411,559.53	598,639.18

14. LEGAL RESERVES

Under the provision of the Limited Public Company Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as a legal reserve until the reserve reaches 10% of the authorized capital. This legal reserves cannot pay dividend.

15. DIVIDEND

14.1 On April 22, 2010, the annual shareholders' meeting of 2010 resolved to pay dividend from retained earnings of 2009 at Baht 0.25 per share, totalling Baht 2.5 million, which was to be paid on May 21, 2010.

14.2 On April 22, 2009, the annual shareholders' meeting of 2009 resolved to pay dividend from retained earnings of 2008 at Baht 0.05 per share, totalling Baht 0.5 million, which was to be paid on May 20, 2009.

16. EXPENSES BY NATURE

Significant expenses classified by nature for the years ended December 31 ,2010 and 2009

consist of:-

	Unit : Baht	
	2010	2009
Employee expenses	87,362,743.10	79,242,703.49
Management benefit expenses	16,688,457.00	13,667,756.00
Medicines and medical supplies	33,816,641.42	28,984,475.96
Artificial kidney department expenses	10,352,231.68	8,597,948.99
Depreciation and amortization expenses	13,704,902.97	12,138,729.69

9. PROPERTY, PLANT AND EQUIPMENT - NET

As at December 31, 2010 and 2009 Property, plant and equipment - net consist of:-

		Unit : Baht							
		Land	Building and construction	Tool and medical equipment	Furniture,fixture and office equipment	Tools	Vehicles	Assets in progress	Total
Cost									
As at December 31, 2009		59,454,742.60	137,345,450.34	53,040,062.86	32,926,039.83	10,322,933.34	15,087,877.58	182,705,270.33	490,882,376.88
<u>Add</u>	Purchase during the year	-	-	6,239,098.91	1,401,402.21	633,567.67	98,000.00	8,088,521.90	16,460,590.69
	Transfer in (out) during year	-	2,300,000.00	-	-	-	-	(2,300,000.00)	-
<u>Less</u>	Disposal during the year	-	-	-	-	-	(1,685,400.00)	-	(1,685,400.00)
As at December 31, 2010		59,454,742.60	139,645,450.34	59,279,161.77	34,327,442.04	10,956,501.01	13,500,477.58	188,493,792.23	505,657,567.57
Accumulated depreciation									
As at December 31, 2009		-	53,108,376.05	35,472,736.59	23,873,095.17	6,391,374.17	10,966,394.44	-	129,811,976.42
<u>Add</u>	Depreciation for the year	-	7,125,161.21	2,764,323.31	1,999,048.44	802,991.46	876,329.74	-	13,567,854.16
<u>Less</u>	Disposal during the year	-	-	-	-	-	(1,685,399.00)	-	(1,685,399.00)
As at December 31, 2010		-	60,233,537.26	38,237,059.90	25,872,143.61	7,194,365.63	10,157,325.18	-	141,694,431.58
Net book value									
As at December 31, 2009		59,454,742.60	84,237,074.29	17,567,326.27	9,052,944.66	3,931,559.17	4,121,483.14	182,705,270.33	361,070,400.46
As at December 31, 2010		59,454,742.60	79,411,913.08	21,042,101.87	8,455,298.43	3,762,135.38	3,343,152.40	188,493,792.23	363,963,135.99
Depreciation for the year ended in the statements of profit and loss									
						Cost of services	Services and Administrative		Total

		expenses	
2009	10,390,871.26	1,718,898.90	12,109,770.16
2010	11,036,666.54	2,531,187.62	13,567,854.16

The Company mortgaged part of land and building with a local commercial bank as collateral to secure its loans as described in Note 11 and 12.

As at December 31, 2010 and 2009 Certain vehicle were under hire-purchase agreements at cost amounting to Baht 1.46 million and at net book value amounting to Baht 1.15 million and Baht 0.76 million respectively (See Note13 to the financial statements).

As at December 31, 2010 and 2009, the Company had fully depreciated fixed assets but still in active use at the cost value totalling Baht 92.58 million and Baht 91.87 million respectively.

17. CORPORATE INCOME TAX

In accordance with Royal Decree No. 475 (B.E. 2551) dated August 6, 2008, it determined the grant of a reduction of the corporate income tax rate from 30% to 25% for the portion of the net profit not more than Baht 300 million for three consecutive accounting periods commencing from the accounting period begin on or after January 1, 2008. The Company applied the said benefit in the calculation of the operate income tax for the year 2009.

18. DISCLOSURES OF FINANCIAL INSTRUMENTS

The Company complied with the Thai Accounting Standard No.32 (Revised 2007) "Presentations of Financial Instruments" as a guidance to disclose about the financial instruments as follows:-

Accounting

18.1 policies

The related accounting policies were disclosed in Note 4.

The Company did not speculate or engage in the trading of any derivative financial instrument.

18.2 Credit risk

Credit risk is the risk that a counterparty is unable or unwilling to meet a commitment that they entered into with the Company. This risk is controlled by consistent analysis of debtors' financial status.

The Management believe that the credit risk will not be in excess of the provided allowance for doubtful debt.

For the financial assets, the maximum credit risk exposure is the book value of accounts and loans receivables, net of allowance for doubtful accounts, as presented in the balance sheets.

18.3 Interest rate risk

The interest rate risk is generally the risk that future movements in market interest rates will affect the results of the Company due to changes in market interest rates, operations and its cash flows. The Company exposure to interest rate risk relates primarily to its deposits in financial institution, bank overdrafts and loans from financial institutions and loans from related persons which their interest rates are fluctuated.

As at December 31, 2010 and 2009 financial assets and financial liabilities of the Company

had interest rate risk as follows:

	As at December, 2010 (Unit : Baht)						
	Fixed interest rates			Floating	Non-	Total	Interest
	within	1 - 5	Over	interest	interest		rate
	1 year	years	5 years	rate	bearing		(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	5,815,540	370,336	6,185,876	0.50
Trade accounts and notes receivable-net	-	-	-	-	15,056,725	15,056,725	-
Accrued medical service fees for the							
Universal Health Coverage Scheme	-	-	-	-	292,611	292,611	-
Cash at bank held as collateral	746,659	-	-	4,873,341	-	5,620,000	0.50
Other current asset	-	-	-	-	6,602,917	6,602,917	-
Financial liabilities							
Bank overdraft and short-term loan							(MOR,MLR)
from financial institution	-	-	-	15,590,883	-	15,590,883	6.375 - 6.400
Trade accounts and notes payable	-	-	-	-	10,988,484	10,988,484	-
Short-term loans from related persons	13,000,000	-	-	-	-	13,000,000	5.80 - 6.50
Long-term loan from financial institution	-	-	-	50,367,382	-	50,367,382	MLR, 5.875-6.125
Hire-purchase payable	203,485	411,560	-	-	-	615,044	4.00

As at December, 2009 (Unit : Baht)

	Fixed interest rates			Floating	Non-		Interest
	within	1 - 5	Over	interest	interest	Total	rate
	1 year	years	5 years	rate	bearing		(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	6,348,881	311,808	6,660,689	0.25 - 0.50
Trade accounts and notes receivable-net	-	-	-	-	11,573,486	11,573,486	-
Cash at bank held as collateral	742,578	-	-	5,952,495	-	6,695,073	0.25 - 1.50
Other current asset	-	-	-	-	4,325,507	4,325,507	-
Financial liabilities							
Bank overdraft and short-term loan							(MOR,MLR)
from financial							
institution	-	-	-	10,496,185	-	10,496,185	6.125 - 6.15
Trade accounts and notes payable	-	-	-	-	12,369,408	12,369,408	-
Advanced medical service fees for the							
Universal Health Coverage Scheme					568,142	568,142	-
Short-term loans from related persons	7,000,000	-	-	-	-	7,000,000	5.50
Long-term loan from financial institution	-	-	-	61,305,953	-	61,305,953	MLR,
							5.875-6.50
Hire-purchase payable	190,557	598,639	-	-	-	789,196	4.00

18.4 Fair values

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 instruments or by using an appropriate valuation technique, depending on the nature of the instruments.

19. COMMITMENT AND CONTINGENT LIABILITIES

As at December 30, 2010 and 2009, the Company had commitments and were in possession of contingent liabilities as follows:-

19.1 Letters of guarantees issued by banks as follows :-

- Guarantee its medical services and usage of facilities with several government agents totalling Baht 3.40 million and Baht 3.88 million respectively. The Company were secured by mortgaging certain part of the Company's land, building, a director's land and building as collaterals to such issuances.

- Guarantee the utilization of electricity with Metropolitan Electricity Authority and radio and signal usage agreement with Udon Thani Telecommunications Service Office amounting to Baht 0.62 million. The Company has pledged deposits in saving and fixed accounts totalling Baht 0.62 million as collaterals to such issuances.

19.2 As at December 30, 2009, the Company was in possession of commitment regarding system installation agreements with future payment totaling Baht 0.67 million.

19.3 The Company has entered into lease agreements as follows :-

Description	Agreement ended	Annual rental fee (Unit : Baht)
Land rental lease with to car parking and wash a building	2011 - 2013	252,584.00
Land rental lease with a lodging welfare	2011	100,000.00
Office in Laos rental agreement	2014	218,133.36
Car rental agreement for employee welfare	2015	1,498,514.40

The annual rental for the above - mentioned contracts are as follows :-

	Unit : Baht	
	December 31, 2010	December 31, 2009
Year 2010	-	321,070.00
Year 2011	1,841,647.76	90,000.00
Year 2012 - 2015	6,102,138.28	27,000.00

20. CAPITAL MANAGEMENT

The major primary objectives of the Company' capital management are to maintain their ability to continue as a going concern and to maintain an appropriate capital structure.

As at December 31, 2010 and 2009, debt-to-equity ratio in the financial statements was 0.37 : 1

21. SUBSEQUENT EVENT

By the directors' meeting on February 25, 2010, it was approved to propose to the shareholders to distribute dividend from retained earnings of 2010 at Baht 0.15 Per share, totalling Baht 1.50 million.

22. RECLASSIFICATION OF ACCOUNTS

The Company have reclassified certain accounts in balance sheets as at December 31, 2010 to conform with the presentation in the financial statement for the year ended December 31, 2009.

The details of the classification are as follows:-

		Unit : baht	
	Reclassified	In(De)crease	Previous report
Cost of hospital operations	136,991,982.35	(5,306,386.00)	142,298,368.35
Administrative expenses	23,863,330.02	(8,361,370.00)	32,224,700.02
Management benefit expenses	13,667,756.00	13,667,756.00	-

23. AUTHORIZATION OF FINANCIAL STATEMENTS

These interim financial statements have been approved by the Company's Board of Directors on February 25, 2011

MAP

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