

Report of the Audit Committee

Nonthavej Hospital Public Company Limited resolved to appoint an Audit Committee consisting of three independent directors, none of whom are corporate executives, employees, or consultants. The Audit Committee consists of Dr.Prawit Ninsuvannakul as Chairman, Dr.Viroonporn Prompangsa, M.D. and Dr.Charoon Chairaj, M.D. as directors.

The Audit Committee implemented the duties and accepted the responsibilities assigned to it by the Board of Directors, according to the regulations pertaining to the Audit Committee. The Audit Committee found that the operations of the company are transparent and open to scrutiny, that internal controls are satisfactory, that the system of risk management is appropriate, and that financial reports are accurate, complete, and credible.

In 2009, the Audit Committee met eight times, and every one of the directors attended every meeting. Meetings were also held with corporate executives, the Auditor, and the Internal Auditor when suitable. The main activities may be summarized as follows:

1. Preliminary consideration, on behalf of the Board of Directors, of the Company's quarterly and annual financial statements of the Company, 2009 to ensure that they were prepared in accordance with generally accepted accounting principles and that everything was performed correctly and consistently according to the regulations of the Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Audit Committee also examined whether the information in the financial statement was disclosed in an adequate and timely manner, for the benefit of investors or persons using the financial statements to make investment decisions. With every deliberation over the Company's quarterly and annual financial statement, the Auditor was invited to take part, and his observations were used to improve corporate operations and consistently incorporated into the financial statements to establish their quality thenceforth.
2. Examination of the Company's compliance with the SET's Principles of good corporate governance and those of the OECD. The Company's adherence to these principles was commendable, and the Company disclosed all relevant matters in its annual report. It seeks, moreover, to establish within the organization a process of continuous development in corporate governance.
3. Examination of the suitability and adequacy of the Company's systems of internal controls and internal auditing. The Audit Committee and the Auditor agreed, after and as a result of such examination, that there were no significant problems or deficiencies. The Audit Committee provided some suggestions to improve the efficiency of internal operational systems.

4. Examination of the work of the Office of internal Audits, from its plan of operations and its auditing work to its reporting and monitoring activities, including its assessment of budgetary and manpower concerns together with management. Suggestions concerning how to make its performance more effective were made, along with ways of enhancing the effectiveness with which it implemented its plan of operations. Furthermore, the Audit Committee evaluated the annual audit plan for 2009 on the basis of assessments of the Company's internal controls and risk management, the Audit Committee constantly offered advice regarding the quality of audits in terms of personnel and operations by way of supporting the independence of the Internal Auditor. Together with management, the Audit Committee considered the matter of appointing, withdrawing, transferring, or dismissing the manager of the Office of Internal Audits.
5. Co-ordination with external and internal auditors in determining the objectives, plans, results, and main topics of consideration in corporate audits and investigations of compliance with the legislation and regulations pertaining to securities, the stock market, and the Company's business.
6. Ongoing monitoring of and consultation with management concerning general matters of management that could affect the Company. If any matter is found that could significantly affect the Company's financial status or operational results, the Audit Committee is to make a report to the Board of Directors and seek prompt rectification. If no such resolution is undertaken, the Audit Committee is to submit a further report to the SEC or the SET.
7. Considering and proposing an auditor and his/her compensation to the Board of Directors, for subsequent submission to shareholders. Consideration of this matter is to be based upon performance, professionalism, and the reasonableness of the auditing fee. It is proposed that either Mr. Chaikorn Aunpitipongsa or Mr. Apiruk Atianuwat of Dr. Virach & Associates be appointed as Company auditor for 2010.

The Audit Committee, finally, was independent in its deliberations and recommendations, in order that operational results might conform to corporate objectives and manifest greater efficiency. The Audit Committee received excellent co-operation from all parties involved, for which we would like to express our appreciation at this time.

On behalf of the Audit committee



Prawit Ninsuvannakul

Ph.D., C.P.A., Chartered Director

Chairman of the Audit Committee

1. General Information.

1.1 The Company

Company Name	:	Nonthavej Hospital Public Company Limited.
General Name	:	Nonthavej Hospital
Business Managerial	:	Hospital
Characteristic	:	General hospital , provide medical care in all specialties . Through in-patient and out-patient and opens 24 hours everyday.
Office location	:	30/8 Moo2 Ngamwongwan road, Bangkhen , A.mueng , Nonthaburi 11000
Branch	:	68/888 Rattanathibeth Rd. Bangkrasor Nonthaburi 11000
Register number	:	0107536001087
Home page	:	www.nonthavej.co.th
E-Mail	:	nonthavej@nonthavej.co.th
Telephone number	:	0-2596-7888 (Automatic 200 number)
Fax number	:	0-2589-8753

1.1.1 Out - Patient Department.

There are 90 examining rooms , offers specialties Centers are 16 Centers and specialties Clinic are 6 Clinic of medical care as follow:

MIS Center (Minimally Invasive Surgery)	Specialized Orthopedics Center
Obstetrics and Family Maternity Center	Infertility Center
Breast Cancer Center	Gynecology and Advanced Laparoscopy Center
Gynecologic Oncology Center	Urology Center
Plastic Surgery Center	Heart Center
Pediatric & Child Development Center	Diabetics Center
Respiratory Center	Gastrointestinal Center
Dental Center	Wellness Center
Neurology Clinic	Hemorrhoid Clinic
Eye Ear Nose Throat Clinic	Psychiatric Clinic
General Practice and Surgery Clinic	Chinese Medicine Clinic

1.1.2 In - patient Department, categorized as follow.

Labour Room	Operation Room
ICU & CCU and NCU Room	Nursery Room
Single Room	Single Room Double bed Room
Deluxe	VIP

1.1.3 Supports Services , categorized as follow.

Emergency Department	X-ray Department
Laboratory Department	Hemodialysis Department
Nutrition Department	Nonthavej Polyclinic
Healthy Check Up International	Ambulance Service opens 24 hours everyday

1.2 Other companies which the company holds shares in excess of 10%

-None-

1.3 Other References.

a. Securities officer

Thailand Securities Depository Co., Ltd.

CAPITAL MARKET ACADEMY BUILDING

2/7 Moo 4, (North Park Project) Vibhavadi – Rangsit Road

Tung Song Hong , Laksi , Bangkok 10210 Thailand

Tel : 66(0)-2-596-9000 (Main)

66(0)-2-596-9302-10 (Issuer Services Unit1)

66(0)-2-596-9335-37 (Issuer Services Unit2)

66(0)-2-596-9317-27 (Investor Services Unit)

66(0)-2-596-9343-63 (Operations Unit)

Fax : 66(0)-2-832-4994-6

b. External Auditor

Dr. Virach & Associates

518/3 Panunee Building , Floor 7th, Plenchit Road

Lumpini District , Khet Pratumnwan, Bangkok 10330

Tel & Fax : (660)-2252-2860 , (660)-2254-8386-7

c. Legal Consultant.

The Far East Law Office (Thailand) Co., Ltd.

No. 121/74-75 R.S. Tower 24th FL., Ratchadaphisek Road ,

Dindaeng District , Bangkok 10320

Tel : (660)-2641-3181-88 , (660)-2248-6711

Fax : (660)-2641-3189-90,(660)-2248-6719

2. Summary of the Company 's Financial Informations

	(Unit : Thousand baht)		
	2009	2008	2007
Asset at year date			
Current Assets	150,554	186,654	156,754
Total Assets	1,052,871	1,090,052	979,043
Current Liabilities	136,908	246,618	217,673
Total Liabilities	136,908	246,618	217,673
Issued and Paid - up share capital	160,000	160,000	160,000
Shareholders ' Equity	915,962	843,434	761,370
Income and Relained Earning			
Revenues from hospital	1,318,992	1,279,321	1,142,219
Total Revenues	1,325,401	1,287,025	1,149,960
Cost of health care services	902,451	882,185	786,095
Gross Profit	416,541	397,136	356,124
Selling and administrative expenses	184,874	168,181	158,008
Net Profit	176,978	174,149	153,126
Share data (Baht)			
Earning per share	11.06	10.88	9.57
Dividend per share	6.50	5.75	5.40
Book value per share	57.25	52.71	47.59
Financial Ratio			
Current Ratio	1.10	0.76	0.72
Gross Margin (%)	31.58	31.04	31.18
Net Profit Margin (%)	13.42	13.61	13.41
Return on Asset (%)	16.51	16.83	17.27
Return on Equity (%)	20.14	21.70	26.50
Growth Rate			
Total Assets (%)	-3.37	11.34	23.29
Total Equity (%)	8.60	10.78	9.65
Total Revenues (%)	3.10	11.92	12.60
Net Profit (%)	1.62	13.73	7.03

3. Business Operations

3.1 General Business Operations

The Nonthavej Hospital Public Company Limited began its operation on September 3, 1981. It is the first Private Hospital in Nonthaburi Province and located at 30/8 Ngamwongwan Road, Bang Khen, Amphur Muang, Nonthaburi 11000, Telephone number 0-2596-7888 and Facsimile number 0-2589-8753. The hospital is located on the premise of 4 rais 3 ngan and 80 square wah. The hospital operates through in-patient, out-patient, and emergency departments and opens 24 hours everyday. Our ambulance services are also available around the clock. Our Check up services are conducted both on the hospital's premises as well as off the hospital's premises. With specialized medical staff in all fields, competent supporting staff, state of the efficient medical equipment and technology, today, we are equipped with 208 beds to accommodate in-patients and 90 examination rooms to accommodate out-patients, which enable us to service up to 2,000 of out-patients each day.

3.2 Income Structure

(Unit : Millions baht)

Each type of patient	2009		2008		2007	
	Baht	%	Baht	%	Baht	%
Out – Patient	692.91	52.53	689.67	53.91	597.95	52.35
In – Patient	626.08	47.47	589.65	46.09	544.27	47.65
Total	1,318.99	100.00	1,279.32	100.00	1,142.22	100.00
Increased (Decreased)	39.67	3.10	137.10	12.00	129.00	12.73

(Unit : Millions baht)

Each type of revenue	2009		2008		2007	
	Baht	%	Baht	%	Baht	%
Medicine and Supply	427.42	32.41	420.96	32.90	390.69	34.20
Doctor fees	289.70	21.96	277.30	21.68	251.21	21.99
Room and Services	174.80	13.25	176.43	13.79	164.35	14.39
Medical Equipment	156.31	11.85	149.99	11.72	139.22	12.19
Lab and X-Ray	202.17	15.33	196.67	15.37	165.96	14.53
Meals	14.33	1.09	14.72	1.15	13.81	1.21
Other	54.26	4.11	43.25	3.39	16.98	1.49
Total Revenue	1,318.99	100.00	1,279.32	100.00	1,142.22	100.00

3.3 Significant Changes In the past Year

On July 23rd, 2009, *the Breast Cancer Center* was open within Women Centered Care; it is located on the 4th floor of the front wing of the hospital. The services are various which are having breast examined by breast surgeon, self-breast examination teaching, mammogram and breast ultrasound, fine needle biopsy, needle localization biopsy, breast reconstruction (TRAM Flap, LD Flap) and chemotherapy.

Later on September 14, 2009 *Wellness Center* has been opened at the 5th floor; our Health Care services cover all personal risk assessments, medical check-up, health follow up, adapting to modern life for healthy living, and lowering the risk of different disease along with our specialized physicians team and modern medical technology.

Trends on Industrial Situation and Competition

1. Industrial Structure

Due to the economical and social improvements, people nowadays have had more awareness on the health issues. The quality of life has increased and the behavior toward healthcare has improved. Consequently, private hospitals have a lot of opportunity in answering increasing needs among customers, as well as high chance in business growth, despite the great competition in the industry.

2. Competitive Position

For the past 29 years of operation, Nonthavej Hospital has been offering great medical services and improving its potential by setting up Excellent Center in different areas. The medical team is full of specialized doctors and staff in each area.

The hospital's competitors are surrounding hospitals within 20 kilometers and the other hospitals which customers have great confidence in.

Nonthavej's Competitive Edges

1. Locational Advantage: Nonthavej is located on Ngamwongwan Road, which is a center of a large residential community. It is located near many places of interests such as big shopping malls notably the Mall Shopping Center, Tesco-Lotus Super-Center, and Homepro. The hospital is also nearby major public and educational premises such as the Ministry of Public Health, the Ministry of Commerce, the Electricity Generating Authority of Thailand, the Provincial Electricity Authority, the Telephone Organization of Thailand and Dhurakitpundit University.

2. The Service Cares Provided : Our overriding objective is to be the provider of high quality health care services. To this end, we not only employ specialized physicians in all aspects of medical practices but also continue to equip our medical staff with knowledge, skills as well as modern medical technology.

3. The Reliable Reputation : With our highly qualified and specialized physicians and medical staff, Nonthavej has recognized by the general public and patients as the reliable provider of health care services over the past 29 years of its establishment. As a result, the company been very successful in its business operation as observed by the continued ability to generate profits.

4. Personnel: Nonthavej has been recognized by the general public and patients as the reliable provider of health care services over more than 29 years of its establishment. In addition, the company has been very successful in its business operation as observed by the continued strong financial performances and positions. With such renowned reputation, the company has been able to recruit numbers of highly qualified individuals to join the company.

Nonthavej's Disadvantage:

Due to the fact that we are located near the large residential community and a few shopping malls, the traffic around the area can be packed at times.

4. Risk Factors:

Legal Dispute Risk

Offering medical services has a possible risk from the misunderstanding among the medical team, patients and patient's family, in terms of diagnosis, causes of ailments, and information about treatment procedures. Therefore, the hospital has various measures to monitor the quality management system and vocational standards to prevent these risks. These measures are the assessment process called Hospital Accreditation (HA), ISO 9001:2000 for management system, ISO 15189 for medical laboratories, HACCP for food safely, GMP, and other vocational standards.

Industrial Competition Risk

Medical and hospital industry is very competitive and has a tendency to become even more competitive. The Government has a policy of healthy services to the greatest and setting up Excellent Center to cover all medical areas. Advanced medical technologies are used in order to increase the efficiency of the services, while the staff and medical products are being continuously improved in order to increase the competitiveness.

Medical Staff Shortage Risk

Hospital industry needs to have knowledgeable, efficient, experienced, and specialized staff in different areas, such as doctors, pharmacists, technician staff, and nurses, who all play an important role in delivering services. With the rising competition from public and private sectors and the fact that medical staff can be limited, there is a high risk in the staff shortage.

The company is aware of the importance in finding, improving, and maintaining staff that is knowledgeable, experienced and efficient. The methods to develop human resources as such are;

1. Concentrating on hunting and hiring staff with the suitable knowledge, experience and competency for the job
2. Managing the compensation and welfare for staff by improving the salary and benefit structure so that it is appropriate for each position and competitive in the market.
3. Developing the human resources by using the training road map which is suitable for the staff's roles and career growth.
4. Building up the labor relation by health promoting activities have been organized for staff so that they have successful operational result and form a connection with the organization.

5.Management &Organizational Chart

5.1 Shareholders

The name of the largest shareholders on December 31, 2009

Name	Share	% of share
1. Mr.Lopachai Keanratana	3,758,180	23.49
2. Mrs. Patummas Keanratana	3,138,000	19.61
3.Thailand Securities Depository Co.,Ltd. For Depositor	2,365,467	14.78
4. Mrs. Patama Prommas	1,926,100	12.04
5. Dr. Prompan Prommas	968,000	6.05
6. Bangkok Insurance Pcl	659,800	4.12
7. Mrs.Khotchakorn Klinpiboon	414,400	2.59
8. Dr. Saravut Sontikaew	333,200	2.08
9. Mrs.Prompan Siripat	339,000	2.12
10. Mr.Prasert Prasatthongsoj	<u>125,800</u>	<u>0.79</u>
Total	<u>14,027,947</u>	<u>87.67</u>

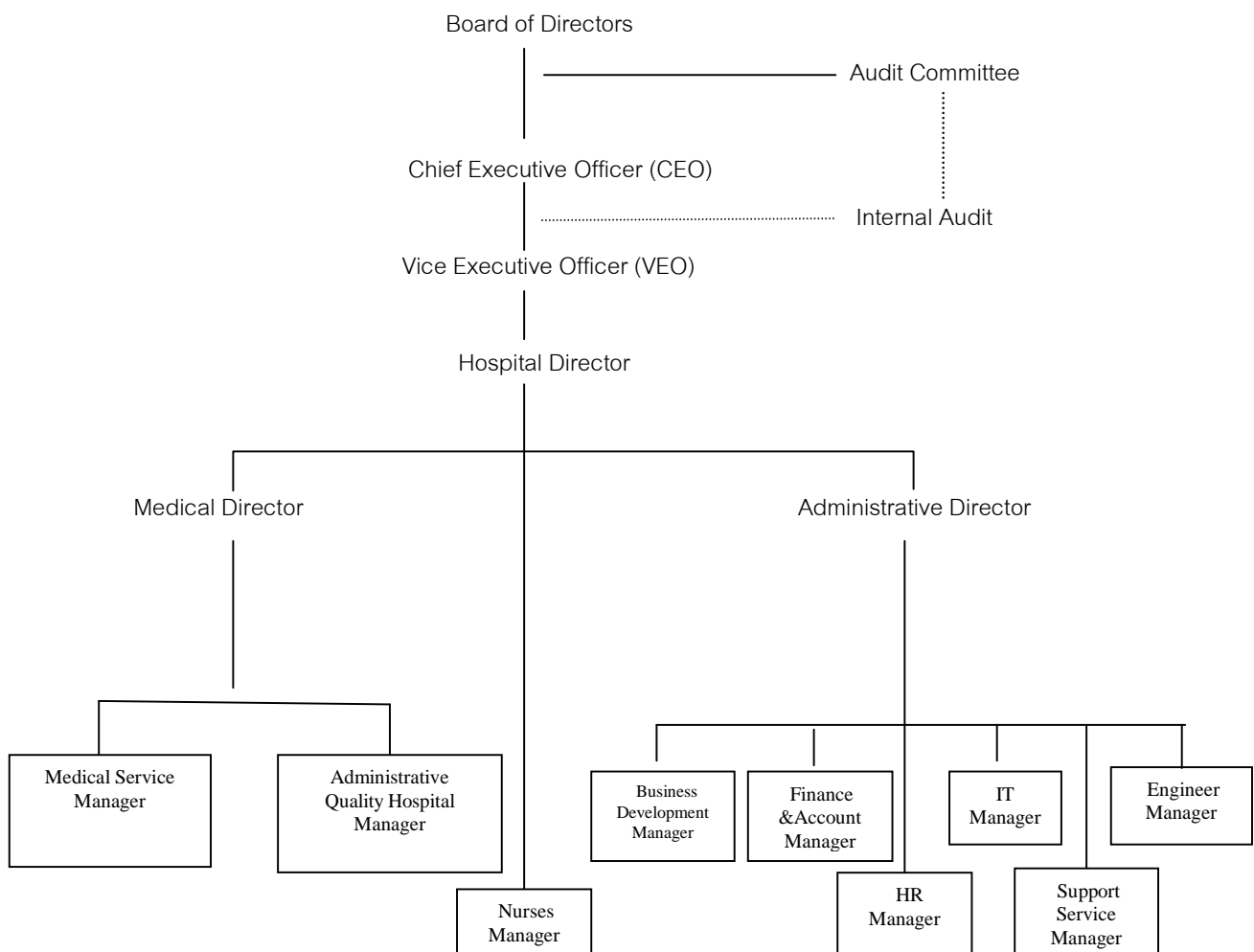
Group of the largest shareholders has an influence to assignment policy of the company is following :

1. Group of Keanratana family % of share 43.10 by Mr.Lopachai Keanratana is Chairman / Executive Director / Authorized Director and affix the company's seal.
2. Group of Prommas family % of share 20.68 by Dr. Prompan Prommas,M.D. is Chief Executive Officer / Executive Director / Authorized Director and affix the company's seal. And Mrs. Patama Prommas Vice Executive Officer / Administrative Director / Executive Director / Authorized Director and affix the company 's seal.

5.2 Management

(1) Management

(1.1) Organization Chart



The Board of Directors

The Board of Directors consists of 9 directors of which

	<u>Name</u>	<u>Position</u>
1. Mr.Lopchai	Kaenratana	Chairman
2. Dr. Prompan	Prommas, M.D.	Director
3. Mrs. Patama	Prommas	Director
4. Mrs.Prompan	Siripat	Director
5. Dr. Saravut	Sontikaew,M.D.	Director
6. Dr. Kamales	Santivejkul,Ph.D.	Independence Director
7. Dr. Prawit	Ninsuvannakul,Ph.D.	Independence Director / Audit Committee Chairman
8. Dr. Charoon	Chairoj, M.D.	Independence Director / Audit Committee Director
9. Dr. Viroonporn	Prompangsa, M.D.	Independence Director / Audit Committee Director
Miss Suree	Sangkornpanich	Secretary Company

Director Authorized to sign on Behalf of the Company Mr. Lopchai Kaenrattana or Dr. Prompan Prommas, M.D. or Mrs.Patama Prommas , two directors sign jointly and affix the company's seal.

The Board of Directors' Scope of Authorities

1. Management must observe laws, rules, and objectives set out by the company. They also are responsible for the protection of the shareholders'benefits as well as obliged to the decision made at the shareholders' meeting.
2. Responsible to setting up policy and vision for the company. They must monitor the performance of the company's management to ensure that it is being done in accordance to the policy set out by the Board of Directors. The company's management must be done in an effective and efficient manner.
3. Set out effective internal audit and internal control system for the company.
4. Monitor closely the operation of the company to ensure the company's compliance with laws and rules prescribed by the company. This will lead to an efficient operation for the company as a whole.
5. Call for the shareholders' meeting. The shareholders' meeting shall oblige by the standard procedures prescribed for SET's registered company to ensure transparency and fairness.
6. Responsible for reporting financial and general information of the company to the shareholders and general investors in a completed and transparent manner.

The Composition of the Board of Directors

1. The Board of Directors consists of not less than 5 directors of which at least half of the number of directors are directors whom are residents of the Kingdom of Thailand.

2. The nomination of directors will be determined at the Shareholders' Meeting. The Nominating Committee will recommend the qualified candidates for such nomination. The regulations and procedures governing the nomination of directors at the Shareholders Meeting are as follows:

2.1 For each shareholder, one share renders into one vote.

2.2 Each shareholder can cast his or her votes (as specified in 2.1) to one or more directors. In case where the shareholder decides to vote for more than one director, his/her votes for each candidate will carry the same weight.

2.3 The person with highest number of votes and the next highest ranking shall be nominated directors. The number of directors nominated shall be equal to the number of directors the Shareholders Meeting deem necessary or the number decided to be nominated at that particular meeting. In case where there are two people who receive the same number of votes, and make the number of directors higher than the Shareholders Meeting deem necessary or the number decided to be nominated at that particular meeting, the chairman of the meeting shall cast the final vote.

3. At the Annual General Shareholders Meeting, the term for one-third of directors will be terminated. The director whose term has ended shall be eligible for re-nomination.

4. Directors can be voted out of the office before their terms end at the Shareholders Meeting. Such vote requires at least three-fourth of the number of shares with voting rights and proxies held by shareholders attending the meeting. And, the total number of shares of not least than half of the number of shares with voting rights and proxies held by the shareholders attended the meeting.

5. Any directors can resign from the directorship position upon submitting the resignation form to the company. The resignation shall become effective the day that the resignation letter is received by the company.

The Audit Committee' Scope of Authorities

1. Review the company's financial reporting Process to ensure accuracy and adequacy.
2. Ensure the suitability and effectiveness of internal control and internal audit procedure.
3. Consider the independence of the Audit Office to propose the appointment, removal, transfer or dismissal of the director of the Internal Audit office
4. Ensure compliance with securities and exchange laws, SET regulations, and relevant laws.
5. Consider, select, nominate, and recommend the fee for the external auditor.

6. Consider the accurate and complete disclosure of Company information in case of connected transactions or potential conflicts of interest
7. Prepare a report on the committee's supervision of business for disclosure in the annual report, to be signed by Chairman.
8. Perform tasks assigned by the Board and with the approval of the Committee.

The Composition of the Audit Committee can be summarized as follows:

The Audit Committee was established by the approval from the Board of Directors. It has a three years term and consists of at least three independent directors – of which at least one must be an expert in the field of finance or accounting. The director whose term has ended shall be eligible for re-nomination.

(2) The Nomination of Directors and Managements

The Nomination Committee' Scope of Authorities

1. Screen and recommend the names of qualified candidates for directors in the Board of Directors, Audit Committee, and other Committees to the Board of Directors. The Board of Directors, in turn, will put forward its recommendation to the Shareholders' Meeting.
2. Screen for qualified persons to assume the position of chairman/vice chairman and other directors in case where vacancy becomes available.
3. Consider on nomination, transfer, remove the company's management staff.
4. Prescribe transparent regulations and procedures governing the recruitment of directors.

The Composition of the Nomination Committee can be summarized as follows:

The directors of the Nomination Committee must be the directors that are appointed by the Board of Directors. It has at least three directors, of which at least one must be an independent director.

(3) Remuneration for the Directors and Managements

The Remuneration Committee' Scope of Authorities

1. Consider guidelines in setting remuneration for directors, Board of directors, whether such remuneration are in monetary or non-monetary nature. The remuneration shall also include honorarium, fringe benefits and other benefits. The mentioned guidelines shall be recommended to the Shareholders Meeting.
2. Specify procedures and regulations in setting remuneration for directors in a fair and reasonable manner. Such specification shall be recommend to the Shareholders' Meeting for approval.

The Composition of the Remuneration Committee can be summarized as follows:

The directors of the Remuneration Committee must be the directors that are appointed by the Board of Directors. It has at least three directors, of which at least one must be independent director.

Remuneration must be the money

Remuneration by the Board of Directors(9 person)

Remuneration for Directors	1,741,500	baht
Remuneration for Meeting	357,000	baht

Remuneration for the Directors and Managements

Salary and Bonus	12,942,250	baht
Remuneration for Meeting	357,000	baht
Remuneration for Directors	1,741,500	baht
Other (Remuneration Audit Committee)	<u>480,000</u>	baht
Total	<u>15,520,750</u>	baht

Remuneration for the company's management staff (9) for 2009 consisted of salary and annual bonus totaled 15,520,750 baht.

(4) Good Corporate Governance

The company is mindful of the importance of good supervision policy in further enhancing the company's effectiveness, and competitiveness as well as ensuring of sustainable growth. In addition, transparency, and clarity of business practices and the conduct of business in aiming to maximize the shareholders' value are supportive in gaining acceptance by the general public. The Company therefore would like to report the corporate governance issues as follows:

1. The Rights of Shareholders

The Company acknowledges the importance of all shareholders' rights, including major and minority shareholders. Shareholders' rights include basic rights of shareholders 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 express their opinions; rights to participate in making decisions on important issues, such as election of directors, approval of important transactions that affect direction of the business and operation of the Company, amendment of memorandum of association and articles of association of the Company.

In 2009, the Company has implemented the following to encourage and facilitate the exercise of shareholders' rights in shareholders' meeting:

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 and to nominate candidates with appropriate knowledge, abilities and qualifications to be considered for the position of the Company's director before 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 agenda which includes 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 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, the 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 computer system for registration and the voting process, including the production of voting cards. This helps accelerate and ensures the accuracy of the registration and vote counting process. 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, informs 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. 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 are able to verify.

In addition, the Company also emphasizes on providing correct, timely, equal and transparent information sufficient for all shareholders and investors to make their investment decision.

2. The Equitable Treatment of Shareholders

The Company is strongly committed to equitable treatment of every shareholder, whether they are major or minority shareholders, institutional investors, or foreign shareholders. To ensure equal treatment of all shareholders, the Company 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. The Company provides proxy forms for shareholders' meetings. The proxy forms allow shareholders to specify their voting decision on each agenda, and are in accordance with the format provided by the Ministry of Commerce. The proxy forms 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 decisions, and to ensure that there are no sudden changes to the important information in the shareholders' meetings.
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 rules and regulations of the authorities. In cases of 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 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

We are mindful of the importance of different groups that are also the stakeholders of the company. We have already set up the regulation with stakeholders in employee guidebook for the officer and executive to realize in the importance of stockholder's right.

Shareholders:	The company is determined to operate the business in the way of which to maximize the value for our shareholders. The business operation must be transparent and credible which in turn will lead to a continuous growth.
Customers (Patients):	The company is determined to provide quality services that shall focus on the need and expectation of our customers (patients). We also treat our customers' confidential information with the utmost care. We have set up a unit responsible for customers' complaints and the staff from the unit will immediately process the complaint case for our customers without delay.

Staff:	<p>We emphasize on the continued development of knowledge and skills of our employees. The company also encourages the development of good working culture such as teamwork. We have an equitable and fair treatment policy for our employees. Our employees shall receive a fair remuneration package.</p> <ul style="list-style-type: none"> - We have the welfare treats to the officers and their family. - We have checking health for the officers regularly every year include following of checking always. - Encourage give the officers have strength health. - We have children assistance in the sense of the education
Contracting Party:	<p>We honor our trade agreements and terms that we have with our contracting party. We treat our contracting party as equal partner and recognize the importance of our mutual benefits.</p>
Competitors:	<p>We are supportive the competition policy that is fair and market-oriented.</p>
Society/Community:	<p>The company community realizes in the be one of the social which dare to at responsible in social assistance , support public benefit activity to the community. We have service checking health in the community.</p> <p>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.</p>

4. Investors' Relations

The company places strong emphasis on the disclosures of accurate, complete, and timely information to our stakeholders. In this light, we have established the Investors Relations Unit to liaise with investors, shareholders, stock analysts, and other relevant agencies on behalf of the company. We also disclose our company's information through our website at www.nonthavej.co.th. This has increased a channel for investors or interested parties in accessing to the company's data. Our Investor Relations Officer is Ms. Suree Sangkompanich. Investors can contract Ms. Suree at 0-2596-7888 extension 2515 or at email: suree@nonthavej.co.th or ir@nonthavej.co.th

5. Responsibilities of the Board of Directors

1) The Board of Directors Structure

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.

2) Leadership and Vision

The Board of Directors takes part in formulating the company's vision, purposes, strategies, objectives, and business plans. The Board of Directors is also responsible for supervising the management to effectively and efficiently carry out the set vision and purposes accordingly. The Board of Directors also takes part in establishing indicators and target measurement for the company. The Board will follow-up on the company's operation against the set target. In case where operation falls short of the target, the Board shall identify a remedial course of action and continue to monitor the development very closely.

The Board of Directors has established the Audit Committee to closely surveillance and make sure that there exists an appropriate and suitable internal control system. The Committee is also to ensure the prevention of matter involving the conflict of interests.

The Board of Directors has also established the Risk Management Committee to manage the overall's organizational risks. The Committee is to identify and manage risks down to the unit level.

3) Conflict of Interests

The company has laid down explicit policy concerning the matters that may arise the conflict of interests. For transactions relating between the company and the person of which incident for conflict of interests may arise, the transaction (matter) must be reviewed by the company's management as well as granted approval from the Board of Directors. And, the concerned directors are not eligible to cast their votes on the agenda of the meeting that involved their personal interests. Furthermore, the Audit Committee has a surveillance responsibility in preventing against the conflict of interest incidents.

In accordance with the company's policy, directors, management and concerned staff of the company are forbidden from disclosing classified information to external party or non-concerned party. They are also prohibited from buying/selling the company's shares during the period within one month prior to the financial statement being released to the public. The company also requires its management to report the change in their security holdings to both the SEC and SET.

4) Business Ethics

In the undertaking of business, the company has issued ethical code of conducts for the Board of Directors, management and staff of the company to follow. The main principles in the company's code of conducts require everyone to perform their duties with transparency, honesty, integrity, fairness, and morality.

5) Balance of Power for Non-Executive Directors

The Board of Directors consists of 9 directors of which

- four directors are members of the company's management team, and
- five directors are independent directors.

Thus independent directors constitute more than one-third of the company's Board of Directors.

6) Aggregation or Segregation of Positions

- The chairman of the Board of Directors is the representative of majority shareholders.
- The chairman of the Board of Directors is not the same individual as the managing director, although both represent the majority shareholders. The fact that the independent directors make up more than one-third of the Board of Directors is an assurance of the check-and-balance system in the company's management.

7) Remuneration for Directors and the Management

The Board of Directors has established the Recruitment Committee in screening and recommending the names of qualified candidates to be the company's directors to the Board of Directors. The Board of Directors, in turn, shall put forward the recommendation to the Shareholders' Meeting.

The Board of Directors has also established the Remuneration Committee to consider setting guidelines on remuneration for the company's directors. The Board of Directors shall recommend the mentioned guidelines to the Shareholders Meeting.

8) Board of Directors' Meetings

The Board of Directors shall meet at least four times a year. The additional meeting shall be called for as necessary. The agenda of the meeting as well as documents pertaining to the meetings shall be circulated seven days prior to the meeting date to give the directors adequate time to analyze the information.

The Board of Directors ' Meetings in 2009 as follows:

Name - Surname	Total Directors / Meeting (Time)
1. Mr.Lopchai Kaenratana	5/6
2. Dr. Prompan Prommas, M.D.	6/6
3. Mrs. Patama Prommas	6/6
4. Mrs. Prompan Siripat	6/6
5. Dr.Saravut Sontikaew,M.D.	6/6
6. Dr.Kamales Santivejkul , Ph.D	6/6
7. Dr.Prawit Ninsuvannakul ,Ph.D (Start 13 May 2009)	2/3
8. Dr. Charoon Chairaj, M.D.	6/6
9. Dr. Viroonporn Prompangsa, M.D.	6/6

9) Committee

The Board of Directors has established the three Sub-Committees, which entail the Audit Committee, the Nomination Committee, and the Remuneration Committee. These Sub-Committees consist of directors whom are also in the management team as well as independent directors. The composition, roles and responsibility of these Sub-Committees are stated in 5 Management &Organizational Chart 5.2 Management , (2) The Nomination of directors and managements , (3) Remuneration for the Directors and managements.

10) Controlling System and Internal Audit

The company emphasizes on the importance of the internal control system both at management and operating level. The duties and mandates of the management and staff of the company are clearly specified in writing. There is an internal control mechanism to supervise and ensure the utilization of company's assets. To ensure of the check-and-balance mechanism, there is a separation of roles and duties between the operating staffs and the controllers. There is also an internal control system concerning the company's financial transactions. The financial reports are prepared and reported through the relevant line of command.

There is an Audit Committee with the responsibility of closely surveillance the company's operation. In addition, the Internal Audit Department is responsible for the assurance that the company's major operation and financial transactions are effectively in compliance with the stated guidelines as well as laws and relevant regulations (compliance control). To guarantee an independence nature of the Internal Audit Department, it is to report the finding directly to the Audit Committee.

The company strongly emphasizes on risk management. We have established the Risk Management Committee to identify, assess as well as formulate preventive measures against potential risks arising from business operation. The Committee is also to follow-up and supervises on risk management system. It will report the findings to the Audit Committee whom in turn will forward report to the company's Board of Directors.

11) Directors' Reporting

The Board of Directors is responsible for the financial statements and financial information of the company that are shown in the annual report. The financial statement is prepared in accordance to Generally Accepted Accounting Principles in Thailand. We are consistently following good accounting policies and practices. Also, in our financial statement, it includes the notes to the financial statement that disclose integral information.

The Board of Directors has instituted the internal control system to ensure of accurate, and sufficient accounting records to prevent fraudulent.

The Board of Directors has also established the Audit Committee consisted of independent directors who are not part of the company's management team. The Audit Committee is to ascertain the quality of company's financial reports and internal control system. The Audit Committee's commentary is included in the company's annual report.

With the overall company's internal system well in place, the Board of Directors acknowledges that the company's financial statements are not only trustworthy but also reliable.

(5) The Usage of Internal Information

The company has an explicit policy concerning the management of confidential information. Please refer to details in (4) Good Corporate Governance 2. The Equitable Treatment of Shareholders

(6) Internal Control

The Board of Directors has delegated to the Audit Committee with the responsibility for the selection of the company's external auditor. The Audit Committee is also responsible for supervision and examination of the company's overall internal control. The Audit Committee, in turn, delegates to the Internal Audit Department with the responsibility on the undertaking of an annual internal auditing. The Internal Audit Department is also responsible for formulating annual auditing plan for the approval of the Audit Committee. After the undertaking of the annual auditing, the Internal Audit Department shall report its findings to the Audit Committee for information. The Audit Committee, in turn, shall report the findings to the company's Board of Directors for information.

The joint assessments made by the Audit Committee and the Board of Directors on the adequacy of the company's internal control system can be summarized as follows:

Organization and the Environments

The company has a very well-defined organizational structure consisted of committees, sub-committees, and inter-department committees responsible for different mandates. The company has also established the Balance Scorecard System to measure the company's performance against the business objectives. It also helps to manage overall risks as well as to improve the organization's overall quality.

The company has defined different policies concerning the good governance namely, the formulation of ethical code of conducts, the management of confidential information, and the formulation of preventive measures against the conflict of interests. The company has established sub-committees such as recruitment sub-committee and remuneration sub-committee. The establishments of these committees were to ensure of a transparent process in both the selection and remuneration of the company's directors.

Risk Management

The company has established the Risk Management Committee to manage the overall's organizational risks. It also aims to revise and improve the company's risk management system in a continuous manner. In 2009, the committee assigned Information Technology Division to develop Incident Report Program orders to reach the effectiveness of Risk Management Program for further more.

Administrative Control

The company has clearly defined duty and responsibility for the management. This includes the power both on specific items and on the maximum amount of money can be authorized. In case there is conflict of interests, there are specified rules and procedures for the directors or management to follow. In addition, the management is required to make a regular report of the company's operations to the Board of Directors.

Management of Information Technology and Communication of Information

The company has established a two-way internal communication system – between management and staff. The company also reports important information to the Board of Directors on a regular basis. For external communications, the company has established the Investors Relations Unit to liaise with our stakeholders on information of the company as well as to respond to their enquiries.

Monitoring System

The company regularly holds meetings to monitor the operations, risks, and other relevant indicators. For the risks management or any indicators that do not meet their targets, appropriate actions shall then be taken by the company.

The Audit Committee has commented on the company's internal audit and risks management in the 2008 internal audit report.

5.3 Policy of Dividend Payment

The Company has policy of Dividend Payment for Shareholder's 60 percent of profits in the year.

6. Transaction with Subsidiaries

- None -

7. Management's Discussion and Analysis of Financial Conditions

Financial Position

1. Capital Structure

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

Current Assets	14	Current Liabilities	13
Fixed Assets	83	Long term debts	0
Other Assets	3	Shareholders' Equity	87
Total Assets 100		Total Liabilities and Shareholders' Equity	100

The company's capital structure depicted the ratio of total assets to liabilities and shareholders' equity as 100: 13 + 87. The ratio of current liabilities to total assets stood at 13 percent.

The current assets registered at the level of 14 percent of the total assets . The rest of Company's assets at the level of 83 percent of the fixed assets. In 2009 the company had investment of the Medical equipments and computers.

2. Asset Management

Composition of Assets:

As of December 31, 2009, the company assets were totaled at 1,052,870,877 baht, an decrease of 37,181,276 baht, equivalent of 3.41 percent at the end of 2008. The major changes in assets were as follows:

1. Current Assets

As of December 31, 2009, the company current assets totaled at 150,073,969 baht, equivalent of 14.25 percent of totaled assets, an increase of 36,579,579 baht from end of 2008. The current assets were as follows:

1.1 Cash and Cash Equivalents:

As of December 31, 2009, cash, deposits in saving accounts and fixed term deposits maturing in less than 3 months amounted to 55,836,524 baht, equivalent of 5.30 percent of totaled assets. It showed a decrease of 17,667,521 baht , equivalent of 24.04 percent of totaled assets from end-2008. In 2009, the company to renovate the Building , to purchases the Medical Equipments and Computers.

1.2 Account Receivables (net):

As of December 31, 2009, account receivables stood at the level of 57,662,404 baht, a lower amount than last year figure of 12,474,383 baht equivalent of 17.80 percent. The mentioned figure represented account receivables and credit card slips a waiting to be deposited. The account receivables equivalent of 99 percent.

1.3 Inventories:

As of December 31, 2009, the inventories stood at 28,754,306 baht, an decrease of 6,925,270 baht, equivalent of 19.41 percent from last year. The inventories were mainly composed of drugs, pharmaceuticals, and medical supplies.

1.4 Land, Building, and Equipments:

As of December 31, 2009, the company's fixed assets stood at 871,870,932 baht, an increase from the last year figure of 3,710,534 baht. The increase a higher than last year was to renovate the building, the purchases of medical equipments and the purchases of computers.

2. Intangible assets

As of December 31 2009, the Intangible assets Deferred computer soft wares-net stood at 26,891,252 baht. (Please see details in the Notes to Financial Statements 3.6 and 9)

3. Other Non-Current Assets

As of December 31 2009, the company other non-current assets totaled at 1,044,992 baht, equivalent of 0.10 percent of totaled assets. Such as guarantee using of meter electric and meter water .

3. Quality of Assets:

As of December 2009, the company has classified the figure for account receivables (net) in accordance with their aging profiles amounted to 57,622,404 baht, represented a decrease of 12,474,383 baht from the last year's figure. The provision for doubtful debts in 2009 amounted to 6,138,356 baht. (Please see details in the Notes to Financial Statements 3.3 and 5)

The inventories that composed of drugs, pharmaceuticals, and medical supplies were recorded at the historical costs or the market value, whichever figure that was lower. The amount was net of obsolete or expired supplies.

The compositions of the company's fixed assets as of December 31, 2009 were as follows :

(in million baht)

	Historical Cost	Appropriated Depreciations	Net Value
Land	218	0	218
Building	606	261	345
Infrastructures	135	74	61
Medical Equipments	370	206	164
Other Fixed Assets	245	161	84
Total Fixed Assets	1,574	702	872

The fixed assets were recorded at historical value without adjusting to the current market value. Concerning depreciations, the company deemed that the appropriate rate was in place and resulted in the appropriate book value of the fixed assets.

The company also managed its assets to the fullest utilization possible as seen that the return on fixed assets had improved continuously, from 29.29 percent in 2008 and to 29.90 percent in 2009 respectively.

4. Liquidity:

As of December 31, 2009, the Cash and Cash Equivalents stood at 55,836,254 baht, a decrease of 17,667,521 baht from last year. The Cash and Cash Equivalents were as follows:

The net cash flow from operation amounted to 265,629,247 baht an increase of 7,853,449 baht from last year. In 2009 the profit before income tax expenses amounted to 235,212,578 baht had used the depreciation, amortization expenses and other expenses amounted to 92,681,617 baht render of the profit from operation before change in change in operating assets and liabilities items amounted to 327,894,195 baht. Also, the change in operating assets and liabilities items amounted to 1,655,228 baht render of the cash received from operation amounted to 329,549,423 baht, the interest paid amounted to 2,889,572 baht and income tax paid amounted to 61,030,604 baht.

The net cash used in investing activities amounted to 83,816,768 baht as of December 31, 2009.

The net cash used in financing activities amounted to 199,480,000 baht. In 2009, the company paid out short-term loans from financial institutions the amount of 95,000,000 baht and paid out dividends in the amount of 104,480,000 baht .

The company's liquidity ratios as of end-December 2009 were as follows:

- The current ratio stood at 1.10 in 2009, as opposed to 0.76 in 2008 and as opposed to 0.72 in 2007.
- The company's account receivable turnover ratio stood at 18.75 times in 2009 as opposed to 17.70 times in 2008 and as opposed to 19.24 times
- The average number of days' sales in receivable stood around 19.19 days in lower than in the previous years. This showed the company's improvement in its collection activities and management of account receivables.
- The inventory turn over ratio stood around 28.01 times in 2009 as opposed to 23.66 times in 2008 and as opposed to 21.59 times in 2007.
- The average number of days of inventory turnover period stood around 12.85 days in lower than the average of 15-17 days in the previous years. This showed the company's inventory turn over activities quickly and manage stocks inventory in the most effective.

Operating Results:

Revenues: In 2009, the company generated the total revenues of 1,325.40 million baht, an increase of 38.38 million baht or 2.98 percent from 2008. Of the total revenues figure, the revenues generated from the hospital were 1,318.99 million baht, an increase of 39.67 million baht, equivalent of 3.10 percent last year.

Costs of medical treatment: The costs of providing services included costs of drugs, pharmaceuticals, and medical supplies, physician fees, salaries and compensations for medical professionals. In 2008, the total costs in providing the services totaled 902.45 million baht, and increased of 20.27 million baht from last year. The ratio of the costs in providing services to revenues stood at 68.42 percent in 2009 , 68.96 percent in 2008 and 68.82 percent in 2007 respectively. The ratio for 2009 was slightly lower than to 0.54 percent in 2008.

Selling and Administrative Expenses: The costs relating to selling and administrative expenses composed of salaries, compensation fees for administration, advertising and promotion expenses, utilities, depreciation and amortization expenses. In 2009, the selling and administrative expenses amounted to 184.87 million baht, an increase of 14.81 million baht from 2008. The ratio of selling and administrative expenses to revenues registered at 14.02 percent in 2009 , 13.30 percent in 2008 and 13.83 percent in 2008 respectively. The ratio for 2009 was slightly higher than to 0.72 percent in 2008.

2. Profitability:

(in percentage)	2009	2008	2007
Gross Profit Margin	31.58	31.04	31.18
Operating Profit Margin	18.05	18.35	18.03
Net Profit Margin	13.42	13.61	13.41
Return on Shareholder's Equity	20.14	21.70	21.04

In 2009, the company generated gross profit margin in 2009 was 31.58 percent, comparable to the level of 31.04 percent in 2008. The company generated in 2009 the net profits of 176.98 million baht, an increase of 2.83 million baht or 1.62 percent from 2008. In 2008 the net profits stood at 174.15 million baht. The net profit margins for the company were as follows: 13.42 percent in 2009, 13.61 percent in 2008 and 13.41 percent in 2007 .

The net profit margin ratio in 2009 to the decreased from the last years. Because, the company had to ratio of the selling and administrative to revenues an increase of 0.72 percent from last year . As the costs of medical treatment to revenues ratio close to last year. The result of the company had the net profit margin a decrease of 0.19 percent last year.

In 2009, the return on shareholders' equity stood at 20.14 percent compared with 21.70 percent in 2008 and 21.04 percent in 2007 respectively. The return on shareholders in 2009 lower than in 2008 stood at 1.56 percent the result from the profitability of the company's ability to effectively a decrease.

3. Operating Efficiency:

The operating efficiency of the company in 2009 had to efficiency close to in 2008. The company had to the return on fixed assets ratio of 29.90 percent in 2009 , 29.29 percent in 2008 and 30.87 percent in 2007 .

In 2009, the assets turnover ratio of 1.24 percent equivalent with year in 2008.

AUDITOR'S REPORT

To : The Shareholders of

Nonthavej Hospital Public Company Limited

I have audited the accompanying balance sheet of Nonthavej Hospital Public Company Limited as at December 31, 2009, the related statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements for the year ended December 31, 2008, shown herein as comparison were audited by another auditor from the same firm, who presented with unqualified opinion according to the report on February 19, 2009.

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

In my opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Nonthavej Hospital Public Company Limited as at December 31, 2009, the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.



(Mr. Apiruk Ati-anuwat)

Certified Public Accountant

Registration No. 5202

February 24, 2010

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT DECEMBER 31, 2009 AND 2008

		<u>ASSETS</u>	
		<u>BAHT</u>	
	<u>Notes</u>	<u>2009</u>	<u>2008</u>
Current Assets			
Cash and cash equivalents		55,836,524	73,504,045
Current investments			
Trading securities	3.2 and 4.1	1,090,053	448,721
Trade accounts receivable-net	3.3 and 5	57,622,404	70,096,787
Inventories	3.4 and 6	28,754,306	35,679,576
Other current assets			
Prepaid expenses		5,200,812	3,613,490
Other current assets		<u>1,569,870</u>	<u>3,310,929</u>
Total other current assets		<u>6,770,682</u>	<u>6,924,419</u>
Total Current Assets		<u>150,073,969</u>	<u>186,653,548</u>
Non-current Assets			
Long-term investments			
Available-for-sale securities	3.2 and 4.2	1,537,300	1,506,700
Fixed deposits at bank-with obligation	7	1,515,432	1,481,639
Property, plant and equipment-net	3.5 and 8	871,807,932	868,097,398
Intangible assets			
Deferred computer softwares-net	3.6 and 9	26,891,252	30,819,376
Other non-current assets		<u>1,044,992</u>	<u>1,493,492</u>
Total Non-current Assets		<u>902,796,908</u>	<u>903,398,605</u>
TOTAL ASSETS		<u>1,052,870,877</u>	<u>1,090,052,153</u>

Notes to the financial statements form an integral part of these statements.

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

BALANCE SHEETS

AS AT DECEMBER 31, 2009 AND 2008

LIABILITIES AND SHAREHOLDERS' EQUITY

		<u>BAHT</u>	
	<u>Notes</u>	<u>2009</u>	<u>2008</u>
Current Liabilities			
Short-term loans from financial institutions	<i>10</i>	-	95,000,000
Trade accounts payable	<i>11</i>	39,263,214	40,042,684
Assets acquisition payable		6,602,441	14,811,232
Accrued corporate income tax		26,890,108	29,686,174
Other current liabilities			
Accrued expenses		20,139,446	24,332,270
Accrued doctors' fees		32,447,537	32,233,516
Other current liabilities		<u>11,565,668</u>	<u>10,512,454</u>
Total other current liabilities		<u>64,152,651</u>	<u>67,078,240</u>
Total Current Liabilities		<u>136,908,414</u>	<u>246,618,330</u>
TOTAL LIABILITIES		<u>136,908,414</u>	<u>246,618,330</u>
Shareholders' Equity			
Share capital			
Authorized share capital			
16,000,000 common stocks of Baht 10 par value		<u>160,000,000</u>	<u>160,000,000</u>
Issued and paid-up share capital			
16,000,000 common stocks at Baht 10 each		160,000,000	160,000,000
Additional paid-in capital			
Premium on common stocks		172,000,000	172,000,000
Unrealized gain on investment revaluation	<i>3.2 and 4.2</i>	1,134,857	1,104,257
Retained earnings			
Appropriated			
Legal reserve	<i>12</i>	16,000,000	16,000,000
Unappropriated		<u>566,827,606</u>	<u>494,329,566</u>
Total Shareholders' Equity		<u>915,962,463</u>	<u>843,433,823</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,052,870,877</u>	<u>1,090,052,153</u>

Notes to the financial statements form an integral part of these statements.

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

		<u>BAHT</u>	
	<u>Notes</u>	<u>2009</u>	<u>2008</u>
REVENUES			
Revenues from medical treatment		1,318,992,268	1,279,320,713
Other income		<u>6,408,392</u>	<u>7,704,191</u>
Total Revenues		<u>1,325,400,660</u>	<u>1,287,024,904</u>
EXPENSES			
	<i>13</i>		
Cost of medical treatment		902,451,430	882,185,238
Selling expenses		17,124,195	19,383,897
Administrative expenses		165,651,714	148,797,021
Directors' remuneration	<i>14</i>	<u>2,098,500</u>	<u>1,877,200</u>
Total Expenses		<u>1,087,325,839</u>	<u>1,052,243,356</u>
Profit before Finance Costs and			
Income Tax Expenses		238,074,821	234,781,548
Finance costs		2,862,243	2,692,296
Profit before Income Tax Expenses		235,212,578	232,089,252
Income Tax Expenses	<i>15</i>	58,234,538	57,940,289
Net Profit		176,978,040	174,148,963
BASIC EARNINGS PER SHARE			
	<i>3.7</i>		
Net Profit		11.06	10.88 3

The number of 16,000,000 common stocks used in computation.

Notes to the financial statements form an integral part of these statements.

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>BAHT</u>	
	<u>2009</u>	<u>2008</u>
"Issued and paid-upshare capital"	<u>160,000,000</u>	<u>160,000,000</u>
Premium on common stocks	<u>172,000,000</u>	<u>172,000,000</u>
Unrealized gain (loss) on investment revaluation		
Balances as at January 1,	1,104,257	1,189,657
Available-for-sale investments Recognized loss	<u>30,600</u>	<u>(85,400)</u>
Balances as at December 31,	1,134,857	1,104,257
Retained earnings		
Legal reserve	16,000,000	16,000,000
Unappropriated		
Balances as at January 1,	494,329,566	412,180,603
Net profit	176,978,040	174,148,963
Dividend payment	<u>(104,480,000)</u>	<u>(92,000,000)</u>
Balances as at December 31,	<u>566,827,606</u>	<u>494,329,566</u>
Total Shareholders' Equity	<u>915,962,463</u>	<u>843,433,823</u>

Notes to the financial statements form an integral part of these statements.

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>BAHT</u>	
	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES :		
PROFIT BEFORE INCOME TAX EXPENSES	235,212,578	232,089,252
ADJUSTMENTS TO RECONCILE NET PROFIT TO		
NET CASH PROVIDED FROM (USED IN) OPERATION :-		
Depreciation	83,124,709	72,213,657
Amortization of computer softwares	7,902,451	4,024,989
Unrealized (gain) loss on trading securities	(641,332)	712,119
Gain on exchange of fixed assets	(42,801)	(105,116)
Gain on disposal of fixed assets	(94,581)	(56,579)
Loss on write-off of fixed assets	179,180	75,771
Bad debts	97,040	92,714
Doubtful debts	(659,740)	1,056,827
Dividend income	(45,552)	(100,663)
Interest expenses	<u>2,862,243</u>	<u>2,692,296</u>
PROFIT FROM OPERATION BEFORE CHANGE IN		
OPERATING ASSETS AND LIABILITIES ITEMS	327,894,195	312,695,267
(INCREASE) DECREASE IN OPERATING ASSETS ITEMS		
Trade accounts receivable	13,037,083	(9,304,546)
Inventories	6,925,270	3,227,650
Other current assets	153,737	(1,284,642)
Other non-current assets	(485,500)	(1,059,900)
INCREASE (DECREASE) IN OPERATING LIABILITIES ITEMS		
Trade accounts payable	(779,470)	7,845,814
Assets acquisition payable	(14,297,632)	(8,038,417)
Other current liabilities	<u>(2,898,260)</u>	<u>14,909,138</u>
Cash received from operation	329,549,423	318,990,364
Interest paid	(2,889,572)	(2,664,967)
Income tax paid	<u>(61,030,604)</u>	<u>(58,549,599)</u>
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>265,629,247</u>	<u>257,775,798</u>

Notes to the financial statements form an integral part of these statements.

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>BAHT</u>	
	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(80,833,099)	(115,173,896)
Proceeds from fixed assets disposal	291,500	71,400
Purchase of computer softwares	(3,286,928)	(23,722,967)
Increase in fixed deposits	(33,793)	(36,336)
Proceeds from dividend income	45,552	100,663
Interest payment (Capitalized portion to fixed assets)	<u>-</u>	<u>(2,615,428)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(83,816,768)</u>	<u>(141,376,564)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans from financial institutions	(95,000,000)	-
Dividend payment	(104,480,000)	(92,000,000)
NET CASH USED IN FINANCING ACTIVITIES	<u>(199,480,000)</u>	<u>(92,000,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,667,521)	24,399,234
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	<u>73,504,045</u>	<u>49,104,811</u>
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,	<u>55,836,524</u>	<u>73,504,045</u>
ADDITIONAL DISCLOSURE ITEMS TO CASH FLOWS STATEMENTS		
Non-cash flows items comprise :		
Unrealized gain (loss) on available-for-sale securities	30,600	(85,400)
Increase in fixed assets from assets acquisition payable	6,088,841	14,811,232
Increase in fixed assets from transferring deposits	934,000	540,000
Increase in computer softwares from transferring fixed assets	687,399	6,995,850

Notes to the financial statements form an integral part of these statements.

NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. GENERAL INFORMATION

1.1	Company status	A juristic person established under Thai law and listed on the Stock Exchange of Thailand.
1.2	Company location	30/8, Ngamvongwan Road, Tambol Bangkhen, Amphur Muang, Nonthaburi, Thailand.
	Branch	68/888, Rattanathibeth Road, Tambol Bangkrasor, Amphur Muang, Nonthaburi, Thailand.
1.3	Type of business	Hospital

2. BASIS FOR FINANCIAL STATEMENTS PRESENTATION

2.1 These financial statements are prepared in accordance with the Thai Accounting Standards under the Accounting Act, B.E. 2543 (2000), the Accounting Profession Act, B.E. 2547 (2004) and the Notification of the Office of the Securities and Exchange Commission.

2.2 Announcement of new accounting standards and new financial reporting standards

(a) Accounting standards, financial reporting standards and accounting treatment guidance which become effective to the financial statements for the periods beginning on or after January 1, 2009 :

Framework for Preparation and Presentation of Financial Statements
(revised 2007)

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) (formerly : TAS 54) Non-current Assets Held
for Sale and Discontinued Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under
Common Control

The Company has adopted according to the accounting standards, financial reporting standards and accounting treatment guidance with no significant impact on the financial statements for the current period.

(b) Accounting standards which are not effective for the current year

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2012
TAS 24 (revised 2007)	(formerly : TAS 47) Related Party Disclosures	January 1, 2011
TAS 40	Investment Property	January 1, 2011

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues and expenses recognition

Revenues from medical treatment, rental and service revenues and expenses are recognized on an accrual basis.

3.2 Investments in equity securities

Trading securities are investments in listed securities stated at fair value. The Company recognizes revaluation of securities as unrealized gain (loss) on trading securities in the statements of income.

Available-for-sale securities are investments in listed securities stated at fair value. The objective of holding these securities is for long-term investments. The Company recognizes revaluation of available-for-sale securities as separate item in shareholders' equity under the caption "Unrealized gain (loss) on investment revaluation".

The Company calculated cost of the disposed securities during the year by weighted average method.

Dividend income is recognized when the right to receive is established.

3.3 Allowance for doubtful accounts

The Company provided allowance for doubtful accounts which are expected to be uncollectible accounts receivable based on the past experience in debt collection and the current status of outstanding debtors on the balance sheet date.

3.4 Inventories

Inventories are stated at cost or net realizable value, whichever is the lower. Cost is determined by the moving average method.

3.5 Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is calculated by the straight-line method based on the estimated useful lives of the following assets :

PARTICULARS	USEFUL LIVES (YEARS)
Land	No calculation for depreciation
Temporary building	3
Building and structure	20-50
Medical tools and equipment	10
Others	5-10

Financial expenses which are directly related to the acquisition of assets are recorded as their costs.

3.6 Deferred computer software

Deferred computer software is stated at cost net from cumulative amortization which is calculated by the straight-line method within 5 years.

3.7 Basic earnings per share

Basic earnings per share is calculated by dividing the annual net profit by the number of weighted average common stocks held by outsiders during the year.

3.8 Employee benefits

The Company provides a provident fund, which is a defined contribution plan. The assets of which are held in a separate trust fund and managed by the external fund manager. Such provident fund is contributed by payments from employees and the Company. Contributions to the provident fund are charged to the statements of income in the incurred year.

The Company will record the expenses for employee benefit under the Thai Labour Law in the incurred year.

3.9 Cash and cash equivalents

For the purpose of preparation of cash flows statements, cash and cash equivalents are cash on hand and deposits at the financial institutions due not more than 3 months with no obligation.

3.10 Use of accounting estimates

In preparation of financial statements in accordance with generally accepted accounting principles requires management to use various estimates and assumptions that will affect the reported amounts of revenues, expenses, assets and liabilities including the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

4. INVESTMENTS IN EQUITY SECURITIES consist of :-

4.1 Current investments - Trading securities

PARTICULARS	AMOUNT IN BAHT	
	2009	2008
Current investments-at cost	2,375,634	2,375,634
Allowance for adjustment investment value	(1,285,581)	(1,926,913)
Net current investments-Fair value	1,090,053	448,721
Unrealized gain (loss) on trading securities	641,332	(712,119)

4.2 Long-term investments - Available-for-sale securities

PARTICULARS	AMOUNT IN BAHT	
	2009	2008
Acquisition cost	402,443	402,443
Unrealized gain on investment revaluation	1,134,857	1,104,257
Fair value at years ended	1,537,300	1,506,700

5. TRADE ACCOUNTS RECEIVABLE

As at December 31, 2009 and 2008, the trade accounts receivable are classified by outstanding balances of aging as follows :

AGING	AMOUNT IN BAHT	
	2009	2008
Current	53,557,190	64,983,525
Overdue within 3 months	3,045,582	3,786,425
Over 3 – 6 months	450,677	808,571
Over 6 – 12 months	852,759	1,036,531
Over 12 months	5,854,551	6,279,830
Total	63,760,759	76,894,882
Allowance for doubtful debts	(6,138,355)	(6,798,095)
Trade accounts receivable-net	57,622,404	70,096,787

6. INVENTORIES consist of :-

PARTICULARS	AMOUNT IN BAHT	
	2009	2008
Medicines and medical supplies	22,566,230	28,505,868
General supplies	6,188,076	7,173,708
Total	28,754,306	35,679,576

7. FIXED DEPOSITS WITH OBLIGATION

Fixed deposits at bank, for the portion of long-term investments are pledged with the commercial bank as collateral for the issuance of bank guarantee.

8. PROPERTY, PLANT AND EQUIPMENT consist of :-

PARTICULARS	AMOUNT IN BAHT				
	2008	Increase	Sold	Transfer to / from	2009
Cost					
Land	218,303,489	-	-	-	218,303,489
Building and structure	657,714,392	32,981,130	(29,600)	24,116,964	714,782,886
Medical tools and equipment	352,760,026	18,885,333	(1,486,416)	-	370,158,943
Vehicles	14,068,921	1,655,000	(733,500)	-	14,990,421
Furniture and fixtures	68,505,734	2,617,681	(19,303)	3,228,765	74,332,877
Office equipment	30,133,346	2,061,202	(49,703)	-	32,144,845
Computer equipment	55,720,496	16,202,291	(847,975)	8,253,876	79,328,688
Other equipment and tools	24,865,222	3,697,923	(248,057)	900,000	29,215,088
Assets under construction	68,329,455	9,798,181	-	(37,187,004)	40,940,632
Total	1,490,401,081	87,898,741	(3,414,554)	(687,399)	1,574,197,869
Accumulated Depreciation					
Building and structure	312,023,003	32,836,550	(29,599)	-	344,829,954
Medical tools and equipment	182,544,529	24,452,542	(1,273,512)	-	205,723,559
Vehicles	10,466,031	1,600,871	(724,355)	-	11,342,547
Furniture and fixtures	51,618,180	6,537,750	(15,295)	-	58,140,635
Office equipment	20,836,419	3,183,787	(49,388)	-	23,970,818
Computer equipment	24,013,802	12,024,840	(715,417)	-	35,323,225
Other equipment and tools	20,801,719	2,488,369	(230,889)	-	23,059,199
Total	622,303,683	83,124,709	(3,038,455)	-	702,389,937
Property, Plant and Equipment-net	868,097,398				871,807,932
Depreciation for the years	72,213,657				83,124,709

In 2009 and 2008, part of Company's land with structures at book value of Baht 201.20 million and Baht 204.88 million, respectively are mortgaged as collateral for bank overdrafts and loans from certain commercial bank. Some loan agreements will have various obligations specified therein, such as : beneficiary from insurance of mortgaged fixed assets etc. (see also Note 10 to the financial statements).

As at December 31, 2009 and 2008, the Company has fully depreciated fixed assets up to their useful lives but are usable at the cost of Baht 263.91 million and Baht 223.52 million, respectively.

9. DEFERRED COMPUTER SOFTWARES consist of :-

PARTICULARS	AMOUNT IN BAHT			
	2008	Increase	Transfer to / from	2009
Deferred computer softwares	53,604,722	3,286,928	687,399	57,579,049
<u>Less</u> Accumulative amortization	(22,785,346)	(7,902,451)	-	(30,687,797)
Deferred computer softwares-	30,819,376			26,891,252
Amortized deferred computer softwares for the years	4,024,989			7,902,451

10. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2008, short-term loans from financial institutions by issuing promissory notes, bearing interest rate at MLR-1.50% per year which were due in March 2009 guaranteed by the Company's land with structure (see also Note 8 to the financial statements).

11. TRADE ACCOUNTS PAYABLE consist of :-

PARTICULARS	AMOUNT IN BAHT	
	2009	2008
Trade accounts payable	38,847,304	31,729,225
Trade notes payable	415,910	8,313,459
Total	39,263,214	40,042,684

12. LEGAL RESERVE

The Company has appropriated the legal reserve which duly met 10% of authorized share capital, in compliance with the Public Company Act. Such reserve is forbidden for dividend payment.

13. EXPENSES BY NATURE

EXPENSES	BAHT	
	2009	2008
Decrease in changes in finished goods	6,925,270	3,227,650
Purchase of finished goods-net	270,785,066	267,050,991
Management benefit expenses	15,520,750	14,150,250
Employee benefit expenses	297,209,137	304,918,108
Doctors' fees	283,521,911	273,780,557
Depreciation and amortization expenses	91,027,160	76,238,646
Bad debts	97,040	92,714
Doubtful debts	(659,740)	1,056,827
Other expenses	122,899,245	111,727,613
Total	1,087,325,839	1,052,243,356

14. DIVIDEND PAYMENT AND DIRECTORS' REMUNERATION

On April 29, 2009, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividends at Baht 6.53 per share to the shareholders of 16 million shares, totalling Baht 104.48 million and paying directors' remuneration amounting to Baht 1.74 million. The dividend payment was duly made on May 28, 2009.

On April 25, 2008, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividends at Baht 5.75 per share to the shareholders of 16 million shares, totalling Baht 92 million and paying directors' remuneration amounting to Baht 1.53 million. The dividend payment was duly made on May 23, 2008.

15. INCOME TAX

The Company's corporate income taxes for the years ended December 31, 2009 and 2008 are calculated from the accounting profits and adjusted with other revenues and some expenses which are exempted from income tax or being disallowable expenses in income tax computation. The Company income taxes are calculated at the rates of 25 per cent.

The reconciliation between the amount of income tax expenses and the calculation of accounting profit and tax rates applied for 2009 and 2008 can be summarized as follows :

PARTICULARS	AMOUNT IN BAHT	
	2009	2008
The accounting profit before income tax expenses	235,212,578	232,089,252
The accounting effect on revenues and expenses which are not considered to be taxable revenues and expenses		
- Doubtful debts	(659,740)	1,056,827
- Dividend income	(45,552)	(100,663)
- Other reconciliation	(1,569,133)	(1,284,259)
Taxable profit	232,938,153	231,761,157
Income tax expenses for the years	58,234,538	57,940,289

16. FINANCIAL INFORMATION BY SEGMENT

The Company is engaged in the business of medical treatment in one geographical area, Thailand. Therefore, the financial information by segment is not shown in these financial statements.

17. COMMITMENT AND CONTINGENT LIABILITIES

The Company has commitment from the issuance of bank guarantee as follow :

PARTICULAR	AMOUNT IN BAHT	
	2009	2008
Commitment from letters of guarantee issued by commercial bank	2,709,700	2,709,700

18. TRANSACTIONS WITH RELATED PERSONS

The Company has certain accounting transactions with related person. These transactions are in general with the normal trading terms and conditions and the market price. The relationship of the related person is being the Company's director.

In 2009 and 2008, the company has paid the director for the consulting fee on the information system amount of Baht 1.20 million and Baht 0.40 million, respectively.

19. PROVIDENT FUNDS

In compliance with the Provident Fund Act. B.E. 2530 (1987), the Company and its employees have jointly set up the provident fund which consists of partial contribution by its staff and another part by the Company as defined. The Company has appointed TISCO Asset Management Company Limited to be fund manager to manage this fund according to the Ministerial Regulations. The members are entitled to receive benefits according to the rules as stipulated.

Fund contribution from the Company is recorded as expenses in the income statements for the years ended December 31, 2009 and 2008 amount of Baht 2.98 million and Baht 2.95 million, respectively.

20. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company has information relating to financial instruments, as follows:

20.1 Accounting policies

- Accounting policies are disclosed in Note 3 to the financial statements.

20.2 Risk from breach of contracts

- The Company might have risk from breach of contract, in case the contracting party does not follow the requirement in the contract which may cause damage to the Company.
- The risk with respect to the concentration of credit arose from trade accounts receivable are limited due to the large number of customers and their dispersion.
- For the financial assets shown in the balance sheets, the book value of such assets is net from various provisions to be estimated fair value. Such provisions are assumed to be the highest value of risk incurred from breach of contracts.

20.3 Risk relating to interest rate on financial assets and liabilities

Risk from the fluctuation in interest rate may have negative effect to the Company for the current and the following years. The Company expects that it can manage the contingent risk, due to the Company has set up a plan and follow up the situation closely.

20.4 Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of the financial instruments.

- Financial assets shown at book value which are equal to the estimated fair value.
- Financial liabilities shown at book value which are equal to the estimated fair value.

21. CAPITAL MANAGEMENT

The main objectives of the Company in capital management is to provide the appropriate financial structure and maintain ability to continue its business as a going concern in order to generate returns for shareholders and benefits for other stakeholders.

22. FINANCIAL STATEMENTS APPROVAL

These financial statements are duly approved by the Company's directors on February 24, 2010.

8.2 Remuneration for the Auditor

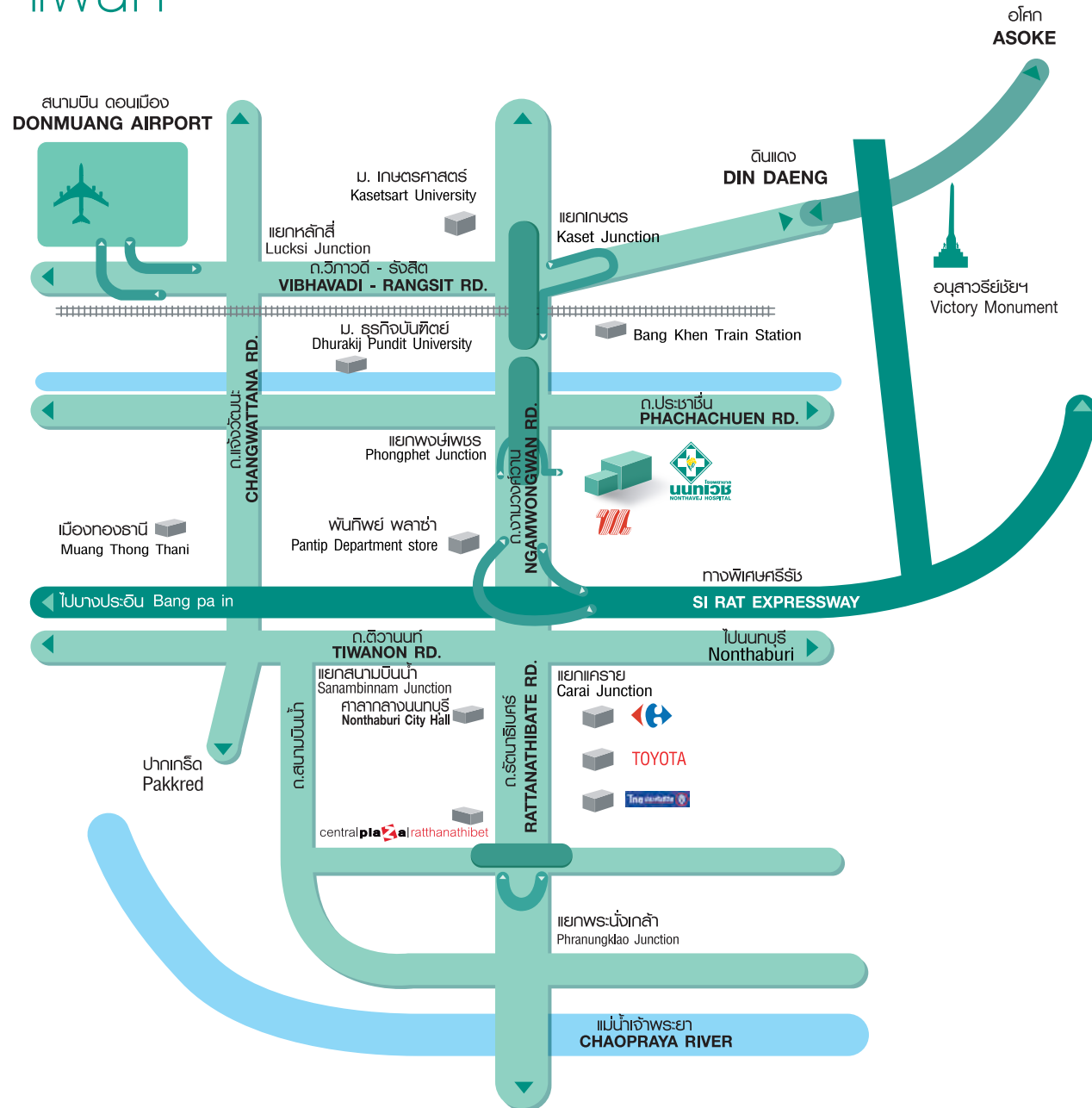
(1) Remuneration for the Audit fee

- Audit fee for 2009	300,000 baht
- Review of Financial Statements (90,000 / Quarter)	270,000 baht

(2) Other (non-audit fee)

- None -

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