

Annual Report 2008

1. Medical Results of the Kantha Bopha Children's Hospitals and Key Aspects of the Reporting Year

Under Dr. Beat Richner's direction, the last 18 years have seen the continued development of the Kantha Bopha I, II, III, IV and V Children's Hospitals in Cambodia, which are now run by about 2000 Cambodian staff with medical excellence and general efficiency. The Kantha Bopha I, IV and V hospitals are in Phnom Penh, where the original old children's hospital was located. Kantha Bopha II is on the compound of the Royal Court in Phnom Penh, while Kantha Bopha III (named after the last king of the mediaeval Khmer empire, Jayavarman VII) in Siem Reap / Angkor serves the northern population of the country, both as a children's hospital and maternity clinic. Please see our earlier annual reports and various publications of the last few years, available on our website www.beatrichner.ch.

The balance of medical accomplishment for the reporting year 2008 for the Kantha Bopha I-V hospitals can be expressed summarily as:

671'682 out-patient consultations with sick children
82'354 hospitalisations of seriously ill children
14'778 surgical operations
15'138 births at the maternity clinic in Angkor
104'916 pregnancy check-ups
564'385 vaccinations

Compared to 2007, fewer hospitalisations were necessary, since the 2008 Dengue fever epidemic was noticeably less severe (2007: about 22,000 children, 2008: about 7,000 children).

In the first quarter of 2008, Kantha Bopha V was gradually brought into service, having been built during 2007, with 9 wards of 34 beds each, with a medical laboratory, an X-Ray and ultrasound department, an EEG department and a large vaccination clinic. This means that there is no more lack of space in Phnom Penh, provided there are no more very severe Dengue fever epidemics, as in 2007.

In Siem Reap / Angkor, the extension of the hospital, also necessary for space reasons, was inaugurated on December 30th, 2008 in the presence of the King and the government as well as a delegation from our Foundation. This extension consists of 5 wards of 35 beds each, X-Ray, ultrasound, laboratory and a large dispensary. Jayavarman VII hospital therefore now also has sufficient capacity in beds. Nevertheless, there is still scope for improvement in space needed, for the area of the operating theatres and in the surgical department.

From July to September 2008, an MRI 3 TESLA by Philips was installed in Siem Reap / Angkor. The Cambodian staff, under the direction of Dr. Santi, use it with great skill and outstanding specialist knowledge. The necessary and exigent instruction was provided by Philips staff and Dr. Scheer from the Zurich Children's Hospital. With this equipment, combined with mass spectrometry, great progress is likely to be made in the fast and safe diagnosis of tuberculosis, even on an international level. It must be made clear, here, that this is not 'luxury' medicine but an appropriate method of efficiently and correctly establishing diagnoses and differential diagnoses of common illnesses when there are a great number of patients, who can consequently be treated correctly, which is also in the global interest.

The Cambodian government has increased its annual contribution to our Foundation from USD 1.6 million to USD 2 million p.a. In addition, the government also now provides the necessary electricity both to Phnom Penh and Siem Reap free of charge, which means a welcome reduction in costs of USD 1 million for the Foundation.

2. The Running and Importance of the Kantha Bopha I-V Hospitals

Work processes in the hospitals are tightly organised and well-rehearsed. The professional skill of the Cambodian doctors and the care staff is excellent. After the terrible massacre of most doctors under the Pol Pot regime after 1975, Dr. Beat Richner has managed, in the last few years, to introduce a new, well-trained and enthusiastic generation of paediatricians. Historically, it can be said that Pol Pot's dreadful Cambodian killing fields has, happily, been superseded by Dr. Beat Richner's healing fields.

Thousands of children (see numbers in 1.) with tuberculosis, Dengue fever, malaria and other infectious diseases and accidents are treated free of charge. Most of these children would die without treatment. 85% of the population has no money and relies on free treatment. As mentioned, it is not western luxury medicine (such as transplantations, complicated operations, treatment with very expensive medicines) which is being offered, as this would make individual costs too high. However, thousands with easily and cheaply treatable infectious diseases and accidents are correctly identified and an ethically justifiable therapy made available to them.

The intensive medical know-how transfer by lecturers and specialists of the Zurich Children's Hospital was continued according to plan in 2008. In 2009, the first official end evaluations of the Cambodian doctors' training will be carried out in the presence of Prof. Felix Sennhauser from Zurich. The Foundation is particularly grateful for this wonderful dedication by the Zurich Children's Hospital.

For November 2009 there will then be post-graduate courses offered internationally for doctors with the aim of communicating methods of hospital organisation and medical processes for those faced with large numbers of patients with tuberculosis, Dengue fever, malaria, HIV and Japanese encephalitis in developing countries.

The Kantha Bopha hospitals are a fundamental and integrated part of the Cambodian health system. They have achieved a reputation of the highest ethical value within the population and are clearly associated with Switzerland. The hospitals also serve as the university hospitals of the Medical Faculty of the University of Phnom Penh. There is a good relationship with the King as well as to the government and the Ministry of Health. The ever-present corruption in Cambodia is successfully prevented in the hospitals, a situation which is the biggest problem for the Cambodian health system.

Understandably, and fortunately, many tourists especially in Angkor, feel the need to visit the Cambodian hospitals. For this reason, Dr. Beat Richner provides weekly information in Siem Reap at a freely accessible event in the report auditorium of the Jayavarman VII hospital. In addition, there is a permanent exhibition of the latest information in all the hospitals. Tourists who wish to make blood donations are able to experience the hospital processes for themselves. However, it is not possible to regularly show groups of tourists around hospital wards with severely ill children, just as it would not be possible to do so in Switzerland.

3. Foundation Board and Management

At two meetings in January and May 2008, the Foundation Board dealt with statutory business and was informed directly by Dr. Beat Richner and Dr. Peter Studer about the work in Cambodia. Some members of the Board also visited the hospitals in Cambodia personally again.

The Compensatory and Audit Committee met in March and the outlay for the accounts, donations and PR duly inspected. Compensation for the managerial staff was decided. At this point, the names of the lawyers and members of the Foundation Board Dr. Florian von Meiss and Dr. Christian Steinmann should be mentioned, who both provide important and indispensable work free of charge, thank you.

Intercontrol AG was, once again, responsible for providing orderly, transparent accounts and informative monthly financial inspection.

The auditing company PricewaterhouseCoopers AG audited the accounts and annual financial statement 2008. It carries out periodic checks in Cambodia, too.

The Federal Foundation Inspectors confirmed the Foundation's impeccable activity.

The aims of the Foundation continue to be fulfilled.

In May 2008, the President and Vice-President reported to the SDC in Berne on the recent work of the Foundation and the hospitals, as well as the political aspect of health in Cambodia, as required by contract. The Foundation is especially pleased that Federal Councillor Calmy-Rey visited the hospitals in Cambodia personally and is convinced of the worth of the work. The Foundation Board is however sorry that the Federal contribution of CHF 3 million cannot be increased, apparently for reasons of financial policy.

The Cambodian government has, as mentioned, increased its annual contribution to the Foundation from USD 1.6 million to USD 2 million.

We would like to thank our management in the Kantha Bopha I-V hospitals for their excellent work. Dr. Beat Richner is responsible for the operative general management and Dr. Denis Laurent is in charge of all logistical tasks, involving his good local network, again, first-rate. Dr. Peter Studer, too, knows the operation and the local particularities well and is commendable for allowing his person to be used frequently for special tasks.

4. Financial Concerns – Donations – Public Relations

4.1 Annual Financial Statement

The Annual Financial Statement 2008 was approved by the Foundation Board on May 12th 2009 with a resulting surplus of CHF 2,525,175.96 (previous year 3,989,796.28).

As in previous years, the Annual Financial Statement was carried out according to the recommendations standard of SWISS GAAP FER 21 and approved in the existing form by PricewaterhouseCoopers AG according to their audit report of 12th May 2009.

Due to new regulations from January 1st 2008, PricewaterhouseCoopers AG for the first time carried out an orderly audit according to Art. 728 ff. OR. Apart from the usual attestation of conformity for the Annual Financial Statement, the auditing company also confirmed the existence of an internal control system. In addition, the Foundation Board was presented with a detailed report according to Art. 728 b OR.

The resulting surplus of approx. CHF 2.5 million must be put into perspective, as the position “Project Costs Cambodia” of CHF 34.1 million in total contains the following investments:

	<u>CHF</u>
Extension	
Jayavarmann VII	5.9 Mio.
Medical equipment	2.8 Mio.
Investment in extension of Kantha Bopha V	0.5 Mio.
	<hr/>
	9.2 Mio.
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We refer to the connection with the cash flow statement, showing all investment and financial processes. Due to the unstable political situation, the lack of legal safety and for reasons of general administrative care, investments have been directly allotted to outlay, as in previous years.

The Foundation’s equity capital is reduced, according to the operating loss of CHF 2.5 million to now CHF 13 million. The capital resources are in liquid form and can secure running costs for only 5 to 6 months without additional donations.

Cambodian law prevents the purchase of land by a Swiss Foundation, so that the three plots of land involved are held in trust by Dr. Denis Laurent, member of hospital man-

agement and French-Cambodian dual national. There are corresponding written contracts to this effect.

The cost of the Swiss infrastructure has increased from approx. CHF 2.3 million in the previous year to CHF 3 million, particularly affected by the increased cost of advertising. The mentioned position consists of administrative costs such as advertising, information technology, administration of donations, thank you letters, invoicing and auditing costs and over the last three years has been only 7.1% on average.

This important benchmark is inspected annually by PricewaterhouseCoopers AG and confirmed in a special report.

4.2 Donations

The total of donations reached CHF 34.5 million, the highest in the history of the Foundation. This sum was influenced by a particularly high private individual donation, specifically intended for the new building and extension of Kantha Bopha III.

In the last 16 years, approx. CHF 330 million in donations have been made, which speaks for the appreciation of the wonderful work that Dr. Beat Richner does.

Apart from this and other large donations, many thousands of Swiss donators have contributed to the financing of the hospitals. Since the Foundation does not thank individually for donations under CHF 100 for reasons of economy, it is not known exactly how many donators there are. Estimates put the number of people who supported the Foundation in 2008 at 130,000.

The contributions made by the Federation and the Cambodian government of altogether CHF 4.8 million are only approx. 13.9 % of the total. Legacies bring around CHF 3 million (8%).

Dr. Beat Richner's work continues to enjoy a very high rate of acceptance within the Swiss population, thanks to the fast and direct aid he provides for the affected children. The donations are not augmented and invested in securities, property or other investments, but immediately employed for medical aid, so that the hospital operation could only be continued for 7 to 8 months without further donations.

4.3 Public Relations

Because donations decreased in spring 2008, more adverts were put into daily newspapers. Regular adverts in print media are widely noticed by the public and are a mainstay of our acquisition work. Thanks to more adverts and other activities as well as the high individual donation mentioned above, the general decrease in donations that was feared was ultimately avoided.

Costs for advertising come to approx. 4.6% (previous year 3.0 %) of total income and are well-invested.

Apart from the adverts, Dr. Beat Richner's informational events in Switzerland, enhanced by cello music (2008: Einsiedeln and La Chaux-de-Fonds) and also in Cambodia, are very valuable. In Siem Reap Dr. Beat Richner holds informational events every Saturday – and in the tourist season every Thursday. His personal comments are supplemented by the George Gachot film on “15 years of Kantha Bopha”.

Thanks to the geographical proximity of the hospital in Siem Reap Angkor to the world famous temples of Angkor, Dr. Beat Richner's work is happily becoming better known internationally.

5. Thanks and Forecast

The Foundation would like particularly to thank the many faithful and committed donators. Now, in the economic crisis, it becomes clear that in an era where personal self-esteem must apparently be supported by questionable millions, people's compassion for the starving threatens to take a back seat. It is therefore all the more grateful to find repeatedly that there are still many people, rich and poor, who think further than themselves in this materialistic time.

We thank the Swiss Federation for its annual contribution. Together with the SDC, we are of the opinion that the benefits are not only for Cambodia, but also for Switzerland.

It is with particular gratitude that the Foundation accepts the increased support of the Cambodian government.

The media, too, must be thanked for its occasional reports on the beneficial operations of the Kantha Bopha hospitals. The Foundation thanks the Schweizer Illustrierten magazine, in particular, for its long-term faithfulness and its sympathy for Dr. Beat Richner's work. Without publicity, no donators would be informed, become interested and be won to our cause. The Foundation therefore appreciates the weight of informational policies - even the Financial Times published an article with a very good qualification for Dr. Beat Richner's achievement in Cambodia, although the impression is that Cambodia is of little political importance to the USA after its destruction by them 30 years ago.

The Cambodians are now able to run the hospitals competently themselves as an important part of their health system. The main and unsolved problem for the health system remains the corruption that is rampant. For a corruption-free operation of the hospitals by the Foundation, further donations are necessary. The Foundation does hope, though, that Cambodia will at some point have the support of the UN to realise the responsibility for itself of financing the care of its sick children in a fair and transparent manner.
