

Annual report 2005

1. Dr. med. Beat Richner's service

2005 brought an immense workload for Beat Richner. Apart from daily medical assistance to sick children, he was closely involved in the extension being built at Siem Reap Angkor and the new hospital Kantha Bopha IV in Phnom Penh. Both projects have been an excellent success. Meanwhile, everything is running smoothly in these two buildings, too. It was possible to build the Kantha Bopha IV hospital to an operational standard within the budget of US\$15 million, including the purchase of the land. This money came together through the special campaign "Zwänzgerötli 2004" (twenty franc notes). The hospital offers 555 beds, an operations unit with four operating theatres, an X-ray department with a computer tomographic machine, three ultrasound devices, an X-ray and radioscopy device and three mobile X-ray machines, as well as a large laboratory with bloodbank, a large polyclinic, a central hospital apothecary and a canteen. The ceremonial opening took place on 29 December, 2005 under the patronage of the Cambodian King in the presence of the Prime Minister Hun Sen and the whole government, the authority of the Buddhist monks, ambassadors from Switzerland and other European countries as well as a delegation from the Foundation Board. On this occasion, Beat Richner and the Foundation were able to accept Cambodia's official and cordial thanks for the help offered to sick children.

Considering the widespread corruption that also exists in the developing country of Cambodia, Beat Richner and the Foundation have given their special financial attention to the funds to avoid any donations disappearing into fraudulent channels. The Foundation does not remit any monies to Cambodian Institutions, but instead, transfers salaries directly to the Cambodian hospital staff and pays work done locally directly and with receipts from the workers. The Cambodian government actually put a US\$ 1.3 million higher amount at the Foundation's disposal in 2005, which does show the trust that is put in Beat Richner's operations and our Foundation.

Many visitors and tourists have shown a great interest in the regular weekly information sessions and concerts that Beat Richner personally presents at the Information Centre of the hospital at Siem Reap Angkor. Because of these events, various media have reported on the children's hospitals (Bangkok Post, Die Zeit, Der Bund, TV-film by an Australian team, etc.).

In the course of two short stays in Switzerland in May and June, Beat Richner gave concerts and information at events in Zurich and Einsiedeln. Once again, around 2000 friends and donators were pleased to meet him personally at the traditional Knie-Gala on 10 May, 2005 in Zurich.

Beat Richner advertises monthly in both small and large adverts in the daily press about the situation of sick children in Cambodia and the activities of his

hospitals. The Foundation Board feels that this is an up-to-date and transparent way of informing people about the use of the donations and the aims of the help provided.

Both the Foundation Board and Beat Richner are very grateful for the great interest and sympathy shown on-site by the ambassador for Cambodia, Mr. Hans-Peter Erismann, for our project in 2005 following his resignation at the beginning of 2006.

2. Work in the hospitals in Cambodia

The following figures document the great efficiency of the hospitals. In 2005, 67'000 children were hospitalised, most of them with tuberculosis, dengue fever, malaria, AIDS and other infections. 99% of these children survived, thanks to correct treatment and the use of effective medication. 16'000 operations were carried out and there were 12'000 births in the maternity unit. In addition to this, there were 800'000 outpatient consultations and 100'000 vaccinations were given. 85% of all sick children in Cambodia are treated in the Kantha Bopha hospitals, which shows the huge significance of these hospitals for the Cambodian health authorities.

Under the direction of Beat Richner there are 1650 Cambodian staff at the hospitals, from the consultant through to the nurses and the security staff. It makes sense for development policies for all the staff to be trained and have further training in their own country, so that they are able to help themselves with their own skills in their homeland. All hospital staff are paid so that they are able to live on their salaries and do not need additional, corrupt monies.

In 2005, training in Ultrasound Diagnostics for cooperation with 17 provincial hospitals was continued. To a large degree, this allows the provincial hospitals to use ultrasound devices supplied by the Foundation to make clear decisions on whether many children need to be transferred to one of our hospitals in Siem Reap or Phnom Penh.

In mid-March 2005, an international conference on dengue fever was held in the conference centre at Angkor Siem Reap together with the Cambodian health ministry and the WHO. All the ASEAN states were represented with official delegations. Some of the most important specialists on dengue fever from the USA (D.J. Gubler, L.J. Makoff) and M. Nathan from the WHO as well as the Novartis Institute for Tropical Diseases, Singapore, also took part in this event.

Working together with Professor Schopfer (University of Berne), who provided this service free of charge, a tuberculosis research laboratory has been set up. The laboratory will allow highly interesting studies for improvement in the treatment of tuberculosis. For mid-March 2007, an international conference on tu-

berculosis in children is being prepared, for which several globally prominent specialists have already accepted invitations.

The head of the Kantha Bopha III hospital in Siem Reap, Yay Chantana, who trained under Beat Richner, was made a full Professor for Pediatrics at the Phnom Penh University in December 2005, a sign of how significant the excellent and intensive specialist cooperation between our hospitals is for the Cambodian medical faculty.

A concept for the further medical training of 70 Cambodian doctors has been developed in Siem Reap with the help of the Children's Hospital in Zurich and the grateful cooperation of its consultant Prof. F. Sennhauser, and is to be put into action in 2006.

3. Foundation Board and Management

In this financial year, the Foundation Board met twice (17 January and 10 May 2005). Dr. med. Beat Richner and his regular deputy in Cambodia, Dr. med. Peter Studer reported on their work in the hospitals as well as on the current building work. The Foundation's Corporate Governance was discussed and instituted a Compensatory and Audit Committee from its own ranks (president: Dr. iur. F. von Meiss, members: Dr. iur. Ch. Steinmann, Dr. med. A. Löhner). A new member, Dr. med. Seraina Prader, was elected to the Board and won over for our work. Statutory business followed with the presentation of the final statement, the annual report and the approval for the annual budget.

The Compensatory and Audit Committee met on 3 March 2005 and 10 April 2005. It considered the costs for the accounts and donations statements, compensation for the board's commissaries as well as the administrative costs in general. Two new work contracts were finalised.

On 28 February 2005 the annual information meeting with the SDC (Swiss Agency for Development and Cooperation) took place. The president Dr. A. Löhner and the vice president Dr. P. Studer informed ambassador Walter Fust and a delegation from the SDC about the project in Cambodia. The SDC especially commended Beat Richner's services and the hospitals. The fact that the Cambodian government is prepared to support the Foundation with US\$ 1.65 million for its work is a very joyous development both for the SDC and the Foundation. The arranged contribution from the Swiss Federation of CHF 2.75 million was once again transferred to the Foundation.

Midyear there was, once again, the report of the Swiss Federal Supervisory Board for Foundations, resulting in the confirmation of irreproachable accountability and thanks to the Foundation.

We are grateful to the auditors, PricewaterhouseCoopers AG for their precise monitoring, indices and calculations for the Foundation's administrative expenditure, which lies at only 6.19%.

The organisation of the Foundation and the management are arranged according to the suggestions of Economiesuisse and according to the guidelines and the recommendations of specialists in Foundational Law.

4. Financial concerns – Donations – Public Relations

4.1 Annual financial statement

As in the previous year, the annual financial statement for 2005 consists of balance sheet, operating statement, cash flow statement, statement of change for capital, appendix for the purpose of improving transparency according to the recommendations of SWISS GAAP FER 21.

The financial reports and accounts have again been audited by PricewaterhouseCoopers AG and accepted without exception.

By finishing the renovations and extension of Kantha Bopha I in Phnom Penh, the Foundation capital of CHF 12 million formed the previous year for dedicated funds (Extension Kantha Bopha I) was able to be dissolved.

The operating result of around CHF 150'000, that is the result of fund changes of around CHF 1.8 million, thereby increased by CHF 12 million to a resulting surplus in 2005 of CHF 13.8 million. Per 31 December 2005 the Foundation disposed of free funds of CHF 17.5 million. The corresponding liquidity, however, would only secure the financing of operative costs for only 6 to 7 months.

Included in the Cambodia project costs of around CHF 32 million are investments in hospital buildings of total CHF 12.5 million (previous year CHF 7.3 million). Due to the unstable political situation, the lack of legal security and because of the administrative caution, the investments have previously been directly debited to the costs. The cash flow statement does however show the investment and financing processes.

The costs for the infrastructure in Switzerland have dropped by approx. CHF 200.000 compared to the previous year, due to lower collection outlays.

Administrative expenditure (advertising, informatics, fund administration, thank you letters, accounts and auditing costs) came to only 5.84% in 2005. The average for the last three years for administrative costs – compared to the total revenue – is 6.19%. This important benchmark is audited separately annually by PricewaterhouseCoopers AG (see no. 5 of the business report).

4.2 Donations

After the increase in donations of CHF 9 million (+40%) in 2004 compared to 2003, thanks to the “Zwänzgerötli” campaign, 2005 was budgeted with approx. CHF 27 million. Happily, expectations were exceeded by far. The total revenue reached CHF 34 million, an increase over the record year of 2004 of another CHF 1.7 million (5.3%). Particularly high income from bequests and legacies as well as the increased contribution from CHF 1.5 million to CHF 2 million by the Cambodian government contributed to the excellent result for donations.

The positive trend in donations reflects the high acceptance and the trust of the Swiss population in our relief organisation.

4.3 Public relations

Apart from the two mailings in spring and autumn, May 2005 saw the launch of the special campaign „Zwängerreihe“, intended to take up the slack in donations after the Tsunami disaster.

The campaign was a huge success. The reader was shown appealing examples of how relatively small sums can be of great help:

e.g. with CHF 20.-- for a child's vaccination that will protect it from illnesses like tetanus, polio, diphtheria, hepatitis B, measles or Japanese meningitis

e.g. with CHF 160.-- for the costs of a birth that will prevent the transfer of AIDS from a HIV-positive mother to the newborn.

e.g. with CHF. 200.--, toward making the treatment of a child and its survival possible.

This crucial information to the public about humanitarian aid will continue to be ensured in leading daily press publications. The costs for advertising run to approx. 2% of the total revenue.

Dr. med. Beat Richner continues to give very popular cello concerts every Saturday at the training centre in Siem Reap, which are enhanced by the information he provides about the medical aid programme.

5. Thanks

The Foundation Board would like to sincerely thank all donators for their generous contributions for the sick and poor children in Cambodia. It is touched by the many small donations from people who themselves have little surplus in life as well as by the sometimes very large contributions from the very wealthy, who show great solidarity towards those who are disadvantaged.

The Foundation Board would particularly like to thank Beat Richner, who puts his whole life energy and all his talents to good use for the children in Cambodia.

As a Swiss foundation, the support of our own Swiss Federation is important to the Foundation Board. The contribution from the Cambodian government means a lot to us in terms of trust in our services for Beat Richner's blessed work.

The Board wishes to thank the media, too, for their continued interest in Beat Richner's humanitarian agency. It is a particularly great help that the Schweizer Illustrierte has been benevolent in Switzerland and on site in Cambodia for many years. The presidency of the Foundation is always happy to provide additional information for interested press representatives. As ever, however, there is never a better way to gain an impression of the excellent hospital service that Beat Richner provides than to take a personal visit to Cambodia.

Zurich, 9 May 2006

For the Foundation Board:

A handwritten signature in black ink, appearing to read 'A. Löhner', written in a cursive style.

Dr. med. Alfred Löhner, President