



2013 ANNUAL REPORT

รายงานประจำปี 2556

บริษัท โรงพยาบาลเอกชล จำกัด (มหาชน)
Aikchol Hospital Public Company Limited



Contents

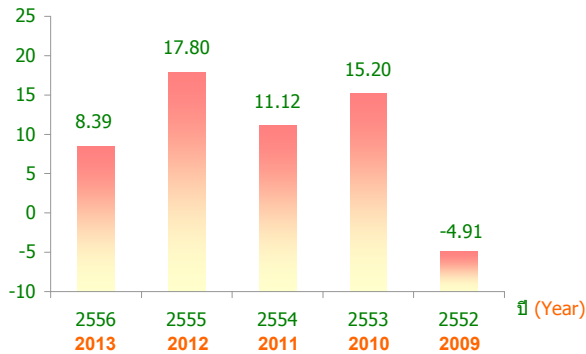
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จุดเด่นแห่งปี

Highlights of the Year

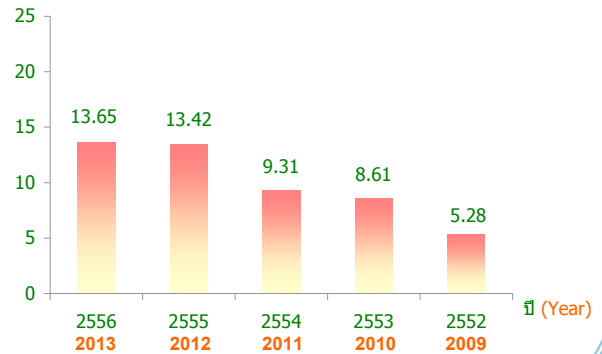
อัตราการเติบโตของรายได้ (%)

Total Revenues Growth Rate (%)



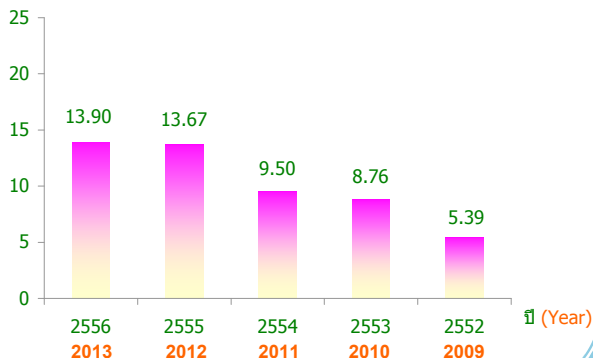
อัตรากำไรสุทธิ (%)

Net Profit Margin (%)



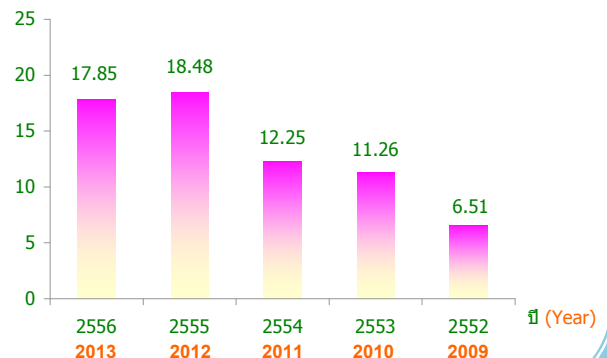
อัตราผลตอบแทนต่อรายได้ค่ารักษาพยาบาล (%)

Return on Medical Income (%)



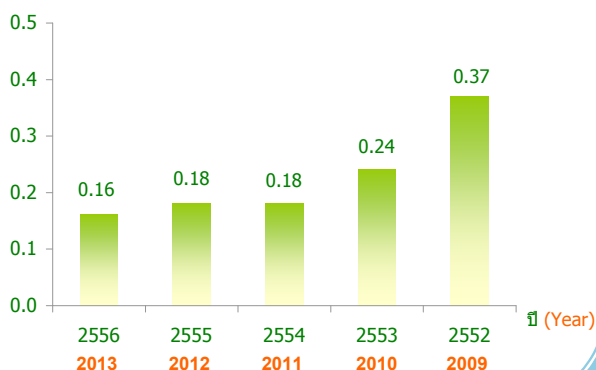
อัตราผลตอบแทนผู้ถือหุ้น (%)

Return on Equity (%)



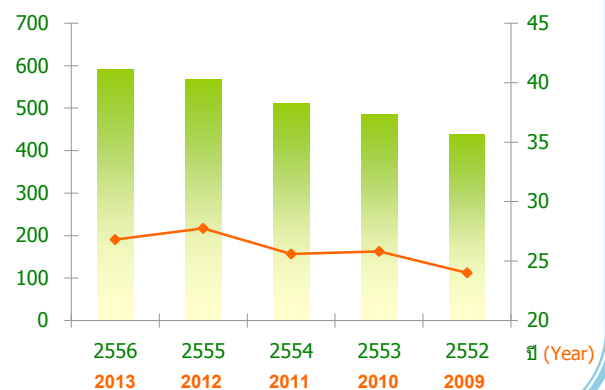
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น (เท่า)

Debt to Net Worth Ratio (Times)



จำนวนผู้ป่วยนอกและผู้ป่วยใน (พันราย)

Total Out - In Patients (Thousand Visits)





Message from the Chairman

Dear Shareholders

Aikchol and Aikchol 2 Hospitals are evolving more than ever, under very competitive environment. Hospitals with more than 100 beds are entitled to a quota of 100,000 social security patients a year from the National Health Security Office. When Aikchol 2 Hospital achieved HA system certification from Social Security Office, it was granted an additional 30 percent, aggregating to as many as 130,000 patients a year. For insurers that filed for social security coverage at Aikchol 2 Hospital, the hospital was granted an automatic 15% quota supplement to 149,500 a year.

This year the domestic economy as a whole saw a slowdown resulting from faulty economic policies that encourage consumption loans as well as domestic political unrest. Partly because population illnesses was on the rise, a shortage of medical and nursing personnel was felt by every hospital. To compound these problems, Thailand also experienced a mushrooming in private hospitals, prompting the Board and the Executive Committee to make extra efforts with diligence, integrity, thrift, and perseverance so as to achieve respectable performance while averting problems, particularly medical care risks. Nonetheless, at the heart of our concerns, next to being socially responsible and cooperating with other organizations, remains the standard of medical care and patients' safety.

This past year our milestone activities included

- We successfully set up a Cardiac Catheterization Laboratory, in service since August 17. It is a great pride for the catheterization physician team to have saved emergency patients with blocked coronary arteries from losing their lives because of a lack of blood supply to cardiac tissues. Above all, saving lives represented a noble act of charity by the shareholders. Over the past six months, the Aikchol team managed to save over 100 patients.
- Aikchol Hospital renovated and erected a CCU (Cardiac Care Unit) for severe cardiac patients, which was in continual demand.
- Aikchol Hospital fortified an emergency physician and nurse team called the Stroke Fast Track Unit to look after patients suffering from strokes to manage them through the paralysis and partial paralysis stages
- Our great pride this year was that Aikchol Hospital Plc. had won the recognition of one of Asia's leading magazines, Forbes Asia, for its outstanding performance outcomes and transparency.
- Aikchol Hospital and Aikchol 2 Hospital conducted an ongoing house call and public education program.



- A significant part of our corporate social responsibility was that our technical panel applied knowhow to training various entities and contract partners on CPR techniques to save lives for the public in emergencies.
- Late in the year, Aikchol Hospital successfully achieved a second reconnaissance survey for renewal of the HA certification process by The Healthcare Accreditation Institute (Public Organization). Meanwhile, Aikchol 2 Hospital also granted its maiden HA accreditation.

On behalf of the Board of Directors, I would like to express my sincere gratitude to all shareholders and patrons for their trust in us, and thank the team of physicians, nurses, medical personnel, together with all our employees for their cooperation, in support of our progress, sustainable growth and prosperity.

(Mr. Apirag Vanich)

Chairman

Aikchol Hospital Public Company Limited



Summary of Financial Information

| | (Unit : Thousand Baht) | | |
|-------------------------------------|------------------------|-------------|-------------|
| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| Summary Financial Statements | | | |
| Total Revenues | 1,395,467 | 1,287,468 | 1,092,992 |
| Medical Service Income | 1,370,615 | 1,264,007 | 1,071,226 |
| Other Income | 24,852 | 23,461 | 21,766 |
| Cost of Medical Services | 1,052,366 | 967,015 | 853,993 |
| Gross Profit | 318,249 | 296,992 | 217,233 |
| Administrative Expenses | 105,837 | 96,535 | 89,187 |
| Interest Expenses | - | - | 3,254 |
| Income Tax Expenses | 46,769 | 51,150 | 44,811 |
| Net Profit | 190,495 | 172,768 | 101,747 |
| Basic Earning Per Share (Baht) | 1.27 | 1.15 | 0.68 |
| | | | |
| Total Current Assets | 444,798 | 346,922 | 246,306 |
| Total Non-current Assets | 860,187 | 841,102 | 779,746 |
| Total Assets | 1,304,985 | 1,188,024 | 1,026,052 |
| Total Current Liabilities | 136,905 | 138,949 | 135,115 |
| Total Non-current Liabilities | 42,162 | 41,057 | 23,993 |
| Total Liabilities | 179,067 | 180,006 | 159,108 |
| Total Shareholders' Equity | 1,125,918 | 1,008,018 | 866,944 |



| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|--------------------------------------|-------------|-------------|-------------|
| Financial Ratio | | | |
| Liquidity Ratios | | | |
| Current Ratio (times) | 3.25 | 2.50 | 1.82 |
| Quick Ratio (times) | 3.02 | 2.27 | 1.58 |
| Cash Flow Ratio (times) | 1.65 | 1.57 | 1.46 |
| Accounts Receivable Turnover (times) | 23.83 | 24.73 | 25.75 |
| Average Collection Period (days) | 15.32 | 14.76 | 14.17 |
| Inventory Turnover (times) | 33.78 | 30.45 | 30.17 |
| Average Inventory period (days) | 10.81 | 11.99 | 12.10 |
| Payable Turnover (times) | 17.08 | 15.67 | 15.34 |
| Average Payable Period (days) | 21.37 | 23.29 | 23.80 |
| Cash Cycle (days) | 4.76 | 3.46 | 2.47 |
| Profitability Ratios | | | |
| Gross Profit Margin Ratio (%) | 23.22 | 23.50 | 20.28 |
| Return on Medical Income (%) | 13.90 | 13.67 | 9.50 |
| Operating Margin Ratio (%) | 15.50 | 15.86 | 11.95 |
| Other Income Margin Income (%) | 1.78 | 1.82 | 1.99 |
| Cash Flow to Profit Margin Ratio (%) | 107.22 | 107.58 | 136.56 |
| Net Profit on Sales (%) | 13.65 | 13.42 | 9.31 |
| Return on Equity (%) | 17.85 | 18.48 | 12.25 |
| Efficiency Ratio | | | |
| Return on Assets (%) | 15.28 | 15.57 | 10.12 |
| Return on Fixed Assets (%) | 32.07 | 30.07 | 20.33 |
| Fixed Assets Turnover (times) | 1.12 | 1.16 | 1.09 |
| Leverage Ratio | | | |
| Debt to Equity Ratio | 0.16 | 0.18 | 0.18 |
| Interest Coverage Ratio | - | - | 46.05 |



Business Overviews and Policies

Background

Founded by the visionary Mr. Aikapoj Vanich, who anticipated rapid economic development in Choburi province and the eastern coastal area, Aikchol Hospital Company Limited (AHC) started its business in 1978 with Baht 22 million in registered capital. Responding to Mr. Vanich's concern about people's health issue and their increasing needs for hospital services, AHC was the first hospital in Choburi to provide around-the-clock service.

| | |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| 1981 | Launch of Aikchol Hospital, an 80-bed facility for in-patients |
| 1992 | Listed on the Stock Exchange of Thailand (SET) and traded under the AHC ticker symbol |
| 1994 | Privatized into a public company limited under the name of "Aikchol Hospital Public Company Limited", with Baht 125 million in registered capital |
| 2006 | Launch of Aikchol 2 Hospital, a 100-bed facility for in-patients |

AHC operates two hospitals:

1. Aikchol Hospital, a 262-bed registered and facility for in-patients, located on 12 – 3- 87 rai of land at 68/3 Moo 2, Phraya Satja Road, Tambon Ban Suan, Amphoe Muang, Choburi
2. Aikchol 2 Hospital, a 100-bed registered and facility for in-patients, located on 15 rai of land at 31/2 Moo 3, Ang Sila Road, Tambon Samet, Amphoe Muang, Choburi.

Both provide fully integrated health services around the clock, comprising diagnosis, medical treatment, physical therapy, preventive healthcare and health promotion by specialist doctors and competent personnel. Equipped with the latest medical apparatus and ambulances with life-saving devices, both provide on-site services, such as annual health check-ups, preventive healthcare training and first-aid training at factories, government offices, and business premises, including follow-up visits to patient's homes. Seminars on preventive healthcare and health promotion are also conducted by the hospitals' experts to educate patients, relatives, and the public.

Visions, Objectives, and Operational Strategies

AHC operates its business through Aikchol Hospital and Aikchol 2 Hospital.

Policies

1. To become a tertiary care hospital for local patients
2. To provide appropriate integrated sub-disciplinary medical services



3. To adequately develop suitable medical durable goods and supplies together with appropriate service areas.

Aikchol Hospital

Vision : To be a first class quality hospital in the Eastern Region by the year 2014

Mission:

1. To offer integrated comprehensive healthcare services with standard quality.
2. Focus on improving the quality of complex medical care with advanced technology by expert physicians to provide the highest-quality care for our patients and families.
3. Provide cordial and general healthcare services with heart by competent personnel.
4. Devote ourselves to continuous quality improvement, excellence, professionalism and innovation in our work.

Goals: To innovate safety, customer's satisfaction and maintain happy workplace

Strategies :

1. Patient safety & better clinical outcome
Increase a higher potential of clinical performance with international standards of quality and safety to expand the specialized fields for medical care service.
2. High potential & high performance
Ensure all staff is knowledgeable and skillful in performing their duties to excellence, and professionalism while fostering employee engagement and morale.
3. Excellent service behavior
We serve healthcare with excellence service behavior which can promote trust and provide optimal satisfaction for our customers to enhance market expansion opportunities by growing new customers along with maintaining the existing ones.

Aikchol 2 Hospital

Vision : To be a secondary care hospital to support the local services according to professional standards by the year 2015.



Mission:

1. Provide holistic care service, care and treatment, disease prevention, cultivate health promotion, and health rehabilitation with professional standard.
2. We foster friendly service professionally and strive to better understand and respond to the needs of a diverse customer.
3. We serve healthcare service with excellent service behavior which can build trust and provide optimal satisfaction for our customers.
4. We will minimize all risk level which impact of the hospital's operations and patient care.

Goals: To provide healthcare service with standard quality, appropriate to safety, satisfaction, and to promote continuous quality improvement.

Strategies :

1. Increase a higher potential of clinical performance with professional standard.
2. We encourage all staff to be knowledgeable and skillful in performing their duties, create learning organization, and foster the employees morale and have pride with responsibility.
3. Develop an efficient information system to support quality service in an administrative manner.
4. Develop an effective system to support service and efficient working environment.

Business Milestones

2009

- Aikchol Hospital dissociated itself from the Social Security Scheme (SSS), focusing instead on general patients, employees of corporate customers, insured patients, and patients who are covered by the Protection for Motor Vehicle Victims Act.
- Allocation of 100,000 SSS-insured members to receive medical services from Aikchol 2 Hospital.

2010

- Aikchol Hospital renovated the first floor of Building 2, including electrical and air-conditioning systems, for Baht 17 million.
- Aikchol 2 Hospital constructed a laundry building serving both hospitals and bought a boiler for Baht 9.3 million.



- The X-ray systems of both hospitals were upgraded to Digital Radiography Application (PAC – Picture Archiving and Communication System), enabling on-line access to X-ray images for both.

2011

- AHC repaid long-term loans totaling Baht 86 million before their due date:
 - 1) In July and August 2011, repaid Baht 43 million, due in December 2012.
 - 2) In September and October 2011, repaid Baht Baht 43 million, due in December 2013.
- Aikchol Hospital celebrated its 30th anniversary.
- Aikchol 2 Hospital organized a merit-making ceremony on completing its five years of operation.
- Aikchol 2 Hospital was granted 120,000 SSS-insured members, while continuing to provide medical services to general patients, customers covered by insurance companies, and those from other contract-counterpart companies.
- Aikchol 2 Hospital was among the first batch of 32 private hospitals eligible to provide medical care for civil servants (Direct Reimbursement Project – DRGs) under a contract with the Comptroller General's Department, Ministry of Finance.

2012

- In November, the company purchased and fully paid for a plot of land (1-1-82 rai) next to Aikchol Hospital for Baht 27.35 million.
- AHC bought additional medical equipment and renovated buildings and facilities for Baht 26,744,928.
- Aikchol Hospital was poised to launch its Cardiac Catheterization Laboratory, to be launched by mid-2013.
- Registration of 120,000 insured members under SSS to receive medical service from Aikchol 2 Hospital.

2013

- Registration of 130,000 SSS-insured members to receive medical service from Aikchol 2 Hospital.
- On May 18, AHC raised its paid-up capital to Baht 149,909,246 by registering a capital increase of Baht 29,909,246 to support stock dividend payment for last year's outcomes.
- Inauguration of Aikchol Hospital's Cardiac Catheterization Laboratory in August, with an additional outlay of over Baht 23 million in medical equipment. The laboratory's relatively high investment effectively strengthened and upgraded the hospital to the level of tertiary healthcare provider.



Awards and Quality Certification

2009

- Aikchol Hospital won a 'Gold Hospital Quality Award' from the American International Assurance Co., Ltd. (AIA Thailand).
- Aikchol 2 Hospital won a 'Standard Hospital Quality Award' from AIA Thailand.

2010

- Aikchol 2 Hospital passed the second-tier accreditation assessment by the Healthcare Accreditation Institute (Public Organization), covering January 19, 2010, to January 18, 2011.
- Aikchol 2 Hospital's service quality was certified by The Association of Hospital Pharmacy (Thailand).
- Aikchol Hospital and Aikchol 2 Hospital won Quality Award Plaques 2010 from the Tokio Marine Taiyou Award 2010 Project.
- Aikchol 2 Hospital won 'The Best Performance Award' from Ayudhya Allianz C.P. Hospital Service Award 2010 Project.

2011

- Aikchol Hospital passed the first hospital re-accreditation assessment by the Healthcare Accreditation Institute (Public Organization), covering February 21, 2011, to February 20, 2014.
- Aikchol Hospital passed radiation assessment by the Bureau of Radiation Safety Regulation, Office of Atoms for Peace.
- Aikchol Hospital won a Tokio Marine Taiyou Quality Award 2011 (Electronic Card).
- Aikchol 2 Hospital passed a continued pre-survey by the Healthcare Accreditation Institute (Public Organization), covering January 14, 2011, to January 13, 2012.
- Aikchol Hospital and Aikchol 2 Hospital won Gold Hospital Quality Awards from AIA Thailand.

2012

- Aikchol Hospital's service quality was certified by the Association of Medical Technology of Thailand.
- Aikchol 2 Hospital passed hospital accreditation assessment by the Healthcare Accreditation Institute (Public Organization), covering February 24, 2012, to February 23, 2014.
- Aikchol 2 Hospital was certified for the Medical Technology Council's Quality Management Standard 2008.
- Aikchol 2 Hospital's hemodialysis treatment was certified by the Royal College of Physicians of Thailand.



- Aikchol 2 Hospital's radiation service was certified by the Bureau of *Radiation* Safety Regulation, Office of Atoms for Peace.

2013

- Aikchol 2 Hospital passed the first hospital re-accreditation assessment by the Healthcare Accreditation Institute (Public Organization), covering the period of February 24, 2014, to February 20, 2017.
- AHC was named by Forbes Asia as one of "Asia's 200 Best Under a Billion", which identified 200 top-performing medium and small companies in Asia-Pacific with US\$ 5 million to 1,000 million in earnings; average ROEs and pretax margins of no less than 10% during the past five years; continuous growth in sales revenue and net profit per share during the past three years; and a maximum debt-to-equity ratio of 0.75.
- Aikchol Hospital's laboratory won the Diamond Award for Excellence in Medical Laboratory Quality 2013, presented by the Department of Medical Sciences, Ministry of Public Health, under 'Health Assessment Laboratory for Workers Seeking Employment Abroad'.
- AHC won a Job Creation for Disabled People Award from Choburi Provincial Social Development and Human Security Office.

Shareholding Structure Within the Group

AHC has no subsidiary or joint-venture company.

Relationship With Major Shareholders' Groups

AHC has no relationship with any business group of its major shareholders.



Nature of Business

Industry Outlook and Competition

Hospital Industry Reviews

The images of medium-sized and large hospitals located either at Bangkok's central area or its perimeter no longer differ as much as in the past, except for large hospitals with more foreign patients than Thais. The latter requires multi-lingual translators to provide efficient healthcare services. The key is to bolster customers' trust through standardized healthcare: ISO (International Standard Organization) for small hospitals, HA (Hospital Accreditation) for medium-sized hospitals, and JCI (Joint Commission International) for hospitals that achieve international quality standards.

In normal business practices, hospitals proceed to open specialty centers, add more specialist physicians, or acquire higher accreditation standards. The worldwide acceptance of Thai hospitals escalates competition, albeit a good one because everyone has to keep alert and compete with oneself. Recognizing the needs to improve through requisition of modern technologies, together with highly skilled nurses, Aikchol Hospital started renovating an area for the launch of its Cardiac Catheterization Laboratory, with an official opening ceremony held in August 2013-a milestone in addressing the prevalence of Ischemic and Hypertensive Heart Diseases among Thailand's increasing elder population. Consequently, the hospital's specialist physicians are now able to help many patients to live normal lives after going through the emergency stage of treatment. To further ensure the quality of its healthcare services in specialist fields, Aikchol's nursers attended assorted training courses, such as Neonatal Intensive Care, Emerging Issues in Diseases, Advanced Cardiac & Emergency Nursing Care, and Perioperative Nursing Care.

Aikchol Hospital's location at Choburi's regional center contributes to its strategic advantages. Comprising medium-sized factories, large industrial estates, government offices, department stores, and densely populated communities of mainly middle-income earners, with many public hospitals at the provincial and district levels, Choburi has become the Eastern Region's medical hub. Besides, the province's convenient distance from Bangkok takes nearly as much time as distance travel within Bangkok Metropolis.

The Eastern Region also holds a high potential for accelerated economic growth due to the impending establishment of AEC (ASEAN Economic Community) and government's mass transport development programs. In response, AHC is committed to upgrading Aikchol Hospital to the level of tertiary health care provider, with Aikchol 2 Hospital upgraded to the level of secondary-care hospital. However, these plans required relatively high investments in recruiting qualified physicians and staff.



Aikchol Hospital provides fully integrated healthcare services for inpatients and outpatients, either through direct payment of medical expenses, or covered by insurance companies or contracted companies, Workmen' s Compensation Fund, or Social Security Fund. The registration of insured members under the Social Security Scheme (SSS) to Aikchol 2 Hospital increased by 15% from 130,000 members after its attaining the HA certification from The Healthcare Accreditation Institute (Public Organization).

Plans are in place for the expansion of AHC's marketing base to cover customers living in the areas with convenient travel to Chonburi. These include the area bordering Chachoengsao province and outbound district of Bangkok, together with densely populated districts on the East zone.

Service Volume

Aikchol Hospital comprises two main buildings, one with six floors and another with 10, while Aikchol 2 Hospital is, so far, not utilizing all available space in its ten-story building. Together, both hospitals boast 362 beds for inpatients with available facilities for 1,000 outpatients per day.

Aikchol Hospital's competitive advantage lies in its more than 30 years of operation, backed by advancement in medical technologies. Fully staffed with specialist physicians, the hospital operates assorted specialty clinics and surgeries, including Dental Clinic, Traditional Chinese Acupuncture Clinic, Allergy Clinic, Renal and Dialysis Clinic, Eye Clinic, Rehabilitation Clinic, Cardiac Catheterization and Coronary Angiography Clinic, Arthroscopic Surgery and Laparoscopic surgery. AHC's hospitals also provide 24-hour standby ambulances services equipped with modern life-saving devices.

This year the number of inpatients decreased, reflecting the impacts on consumers' spending of the sluggish economy. Outpatients' numbers, however, increased, which demonstrated that a speedy cure for illness is indeed unavoidable given the economic slowdown. Meanwhile, AHC's hospitals succeeded in gaining public recognition, while maintaining their usual numbers of regular patrons.



Risk Factors

Business Operation and Medical Care Competition

The economic slowdown of the US and the EU, which represent key consumers of the hospital business, has made it virtually impossible to forecast the growth of this business. However, with the imminent integration of ASEAN Economic Community (AEC) in 2015, customers from ASEAN have turned increasingly to Thailand's healthcare services, including those from China, Burma and other countries. At the same time, changes in Thailand's social and economic structures, from the growing middle class, expanded communities to main cities in the countryside, changed pattern of large to single families, as well as the rapid growth of the aged population, have contributed to the rising demand for domestic healthcare services. In a way, Thailand has therefore been spared economic crisis.

Nowadays, competition in the hospital business is quite fierce. Due to the economic crises of the US and the EU, which form traditional target customers, large hospitals have turned to middle-income customers. Moreover, the government's relaxed control measure to allow private hospitals to operate in all areas has resulted in their mushrooming. In turn, the number of private hospitals has outgrown the demand of domestic service users.

Despite fierce competition, this service has experienced steady growth. The Thai hospital business is still profitable probably because private hospitals come in many grades and market selections, and only a handful can provide comparable services to those at medical schools. Moreover, the development and improvement of medical treatment have been ongoing. Aikchol Hospital's competitive advantage is the quality of services in medical treatment that has won accreditation from the Healthcare Accreditation Institute (Public Organization) as well as easy access and reasonable costs.

Aikchol has developed the quality of medical treatment and services covering special and complicated cases alike. This year it has launched the Cardiac Catheterization Laboratory and Stroke section by developing a Stroke Fast Track Service. It has also upgraded medical treatment to the tertiary level for risk and emergency cases that need immediate treatment by physicians. Aikchol has also continuously sought medical personnel and invested in modern medical equipment and apparatus.

Aikchol has also constantly adapted itself by maintaining a secure financial standing and expanding its business into predictable markets. However, after the official launch of AEC in 2015, it is expected that more people from ASEAN member countries will seek medical services in Thailand, probably resulting in a future shortage of medical personnel.



Shortage of Medical Personnel

A negative and the foremost factor affecting the healthcare or health business is the shortage of qualified specialists. According to the Ministry of Public Health, the shortage of medical personnel occurs not only in the emergency medical system, but also in general practices. Other negative factors include political conflicts, which will slow down most domestic businesses, and higher minimum wages. To date, most businesses have adapted themselves from the increased minimum wages, but the ensuing higher costs of living pose a serious challenge to the business. Although the business has experienced high growth, it does take time to break even. Hospital business operation relies on experts such as physicians, nurses, and supporting personnel, such as technicians and pharmacists.

The government's health insurance policy (which has given people more access to basic healthcare), the increase in the number and ratio of the aged population, and the growth of private hospitals, both in provinces and outside-all these factors contribute to the need of more experts, thus creating imbalance between the service users and the number of specialists. It is therefore expected that the problem of the personnel shortage will multiply. Apart from the need to increase the number of physicians in some fields, their distribution to needy regions may pose a problem. It may indeed be necessary to devise incentives for physicians to move to various areas.

To meet the shortage of personnel, Aikchol has set up a plan to focus on personnel retention, especially nurses, by creating a work environment that makes them proud of their profession. For example, nurses participate in analysis and problem-solving with physicians. A career path policy is formulated, and scholarships and annual training are continuously provided. Aikchol has analyzed the compensation and benefits to retain personnel. Moreover, it has provided venues for personnel to participate in various activities to forge closer relationships among all.



General Information

| | |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company Name | : Aikchol Hospital Public Company Limited |
| Registered Number of PLC | : 0107537001064 |
| Type of Business | : Private Hospital |
| Registered Capital | : 149,909,264 common shares |
| Registered Paid-up Capital | : Baht 149,909,264 |
| Par Value per Share | : Baht 1.00 |
| Listed Date | : January 10,1992 |
| Accounting Period | : 1 January – 31 December |
| Web Site | : www.aikchol.com |
| E-mail address | : info@aikchol.com |
| Contact | : <u>Head Office : Aikchol Hospital</u> 68/3 Moo 2 Prayasatja Rd., Bansuan Sub-district, Muang District, Cholburi Province 20000 Telephone 0-3827-3840-7, 0-3893-9999 Facsimile 0-3827-3848 <u>Branch Office : Aikchol Hospital 2</u> 31/2 Moo.3 Angsila Rd., Muang District, Cholburi Province 20000 Telephone 0-3893-9888, Facsimile 0-3893-9800 |
| The Share Registration | : Telephone 0-3893-9999 Ext.1126, Facsimile 0-3827-3848 |
| Department | E-mail : ir@aikchol.com , kullanit@aikchol.com |
| Share Registrar | : Thailand Securities Depository Company Limited. 62 The Stock Exchange of Thailand Building, Rachadapisek Rd., Klongtoey, Bangkok 10110 Telephone 0-2229-2800, Facsimile 0-2359-1259 Web Site www.tsd.co.th |
| Auditor | : Dharmniti Auditing Company Limited. 267/1 Pracharaj Sai 1 Road, Bangsue, Bangkok 10800 Telephone 0-2587-8080, Facsimile 0-2586-0301 Web Site www.dharmniti.co.th |
| Legal Advisor | : International Legal Counsellors Thailand Ltd. 18 th Floor, Sathorn City Tower 175 South Sathorn Road Bangkok 10120, Thailand Telephone 0-2679-6005, Facsimile 0-2679-6041 |



Shareholders

The first ten major shareholders of Aikchol Hospital Plc. as of December 24, 2013, were as follows:

| | Name | | No. of shares | % |
|----|-----------------|----------------------|---------------|-------|
| 1 | Mr. Apirag | Vanich* | 29,776,992 | 19.80 |
| 2 | Mrs. Tuanjit | Kittiwut | 9,994,140 | 6.66 |
| 3 | Mr. Pongsak | Vittayakorn | 6,331,560 | 4.22 |
| 4 | Ms. Rojana | Vanich | 6,026,940 | 4.02 |
| 5 | Ms. Oranuj | Vanich | 5,801,016 | 3.87 |
| 6 | Mrs. Nuanchan | Ratanakulserirengrit | 5,379,996 | 3.59 |
| 7 | Ms. Aungkhana | Vanich | 5,325,984 | 3.55 |
| 8 | Mrs. Anchalee | Theppabut | 4,917,972 | 3.28 |
| 9 | Mr. Narut | Chitrudiamphai | 4,826,928 | 3.22 |
| 10 | Mrs. Phortchana | Manoch* | 4,377,408 | 2.92 |

Source: Thailand Securities Depository Co., Ltd.

Note* Includes the relevant shareholders under Article 258 of the Securities and Exchange Act



Dividend Payment Policy

Barring compelling circumstance, the Board's policy is to propose to the shareholders' meeting dividend payment of no less than 50% of Aikchol's net income after deducting income tax.

Dividend profile for the past five years (2008 – 2012)

| Year | Performance Period | Dividend Payment Rate (Baht per share) | Dividend Payment Date |
|------|------------------------------|-------------------------------------------|-----------------------|
| 2012 | January 2012 – December 2012 | 0.80 | May 29, 2013 |
| 2011 | January 2011 – December 2011 | 3.50 | May 8, 2012 |
| 2010 | January 2010 – December 2010 | 2.50 | May 6, 2011 |
| 2009 | January 2009 – December 2009 | 1.10 | May 10, 2010 |
| 2008 | January 2008 – December 2008 | 1.25 | May 18, 2009 |

Notes:

1. On May 8, 2012, AHC registered a change in par value from Baht 10 to Baht 1 per share by the resolution of the 2012 AGM (No. 34), held on April 18, 2012.
2. Based on its performance in 2012, AHC paid stocks and cash dividends at the rate of Baht 0.80 per share as follows:
 - 2.1 Cash dividend of Baht 0.60 per share
 - 2.2 Stock dividend of up to 25,000,000 shares at Baht 1 par value, equivalent to Baht 25,000,000, to existing shareholders under 5:1 ratio, equivalent to Baht 0.20 of dividend per share, with cash payment for the remainder at Baht 0.20 per share.



Management Structure

Board of Directors

As of December 31, 2013, the Board consisted of:

| Name | Position | Meeting Attendance in 2013 |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| 1. Mr. Apirag Vanich | Chairman of the Board | 7/7 |
| 2. Mr. Vichai Dhepchalem | Vice Chairman of the Board, Independent Director, Chairman of the Audit Committee, and Member of the Nomination and Remuneration Committee | 7/7 |
| 3. Mrs. Phortchana Manoch | Vice Chairman of the Board and Chairman of the Executive Board | 7/7 |
| 4. Dr. Sucha Nimmannit M.D. | Director | 7/7 |
| 5. Dr. Krisada Banchuin M.D. | Director, Independent Director, Chairman of the Nomination and Remuneration Committee, and Member of the Audit Committee | 7/7 |
| 6. Mr. Sirichai Manoch | Director | 7/7 |
| 7. Mrs. Kanchana Chitrudiamphai | Director | 6/7 |
| 8. Second Lieutenant Kittit Toranin | Director, Independent Director, Member of the Audit Committee, and Member of the Nomination and Remuneration Committee | 7/7 |
| 9. Prof. Dr. Sawaek Weerakiet M.D. | Director, Independent Director, Member of the Audit Committee, and Member of the Nomination and Remuneration Committee | 6/7 |
| 10. Ms. Oranuj Vanich | Director | 7/7 |

Note: Additional information on the Board of Directors:

| | |
|---------------------|------|
| A) Unlawful records | None |
| B) Debts with AHC | None |



Authority and Limitation of the Board

Under AHC'S regulations, two of the three Directors, namely (1) Mr. Apirag Vanich (2) Mrs. Phortchana Manoch and (3) Dr. Sucha Nimmannit M.D. are authorized to jointly sign and affix the AHC seal.

Duties and Responsibilities

1. Perform its duties with responsibility, caution, and honesty under laws, objectives, and regulations of AHC, as well as the resolutions of shareholders' meetings, except the issues that need prior approval of the shareholders' meetings.

2. Endorse major policies and strategies, financial targets, operating plans, budgets; monitor and ensure plan implementation

3. Appoint qualified candidates without forbidden characteristics as stipulated by the Public Limited Companies Act (1992) and securities and exchange laws, as well as rules and/or regulations of directorship if the post is vacated because of reasons other than term completion.

4. Appoint qualified independent directors without forbidden characteristics as stipulated by securities and exchange laws, the Capital Market Supervisory Board, as well as SET's rules and regulations, or submission to the shareholders' meeting for approval.

5. Appoint qualified members of the Audit Committee in compliance with securities and exchange laws, the Capital Market Supervisory Board, as well as SET's rules and regulations.

6. Appoint members of the Executive Board by electing them from the Board, defining their scope, authority, duty, and responsibility.

7. Approve the purchase or sale of assets except those that need approval from the shareholders' meeting. The approval must comply with the Capital Market Supervisory Board, SET's laws and regulations.

8. Appoint the Company Secretary in compliance with securities and exchange laws, responsible for producing and filing documents and other duties as defined by the Capital Market Supervisory Board; facilitating activities of the Board and AHC, such as the meetings of the Board and the shareholders; providing the Board and AHC with legal advice and assorted regulations that they need to know and comply with; as well as ensuring that the Board and AHC disclose information with correctness, completeness, and transparency.

9. Submit a list of his or her own assets, including that of the spouse and children not yet of legal age who hold shares in AHC and affiliates to the monthly Board meeting and must inform AHC without delay in the following cases:

- Direct or indirect involvement in any contract made by AHC during the fiscal year
- Holding shares in AHC and affiliates.



10. Attend at least one director training course organized by the Thai Institute of Directors (IOD), such as Directors Accreditation Program (DAP) or Directors Certification Program (DCP) or equivalent to increase skill and ability to perform work.

11. Each director can serve as a director in no more than five listed companies on the Stock Exchange of Thailand.

12. Ensure that the financial report system and monitoring are reliable, and ensure that risk management and internal control system are suitable.

13. Resolve conflicts of interest, as well as the misuse of AHC's assets or malfeasance of connected transactions.

14. Other duties of the directors are stipulated by rules, regulations, acts, or laws governing AHC.

Executives

The first four executives of AHC as of December 31, 2013, are as follows:

| Name | Position |
|-------------------------------|-----------------------------------------------------------|
| 1. Mrs. Phortchana Manoch | Chairman of the Executive Board |
| 2. Dr. Sanit Charkrit M.D. | Hospital Director |
| 3. Mrs. Prapaphan Tanthavirat | Managing Director of Administration, Aikchol Hospital |
| 4. Ms. Somporn Permsuk | Managing Director of Administration Aikchol Hospital 2 |

Duties and Responsibilities

The Executive Board and the executives have the authority and duty to manage AHC under the policy, targets, operating plans, and annual budget aligned with the resolutions of the meeting of the Board, as well as approving financial matters and assets in ordinary business transactions within the amount specified by the Board.

Company Secretary

The Board of Directors appointed **Mrs. Prapaphan Tanthavirat** as the Company Secretary (the Profile of the Company Secretary appears under Profile of the Directors, page 26) with responsibilities and duties as stipulated by the 4th Securities and Exchange Act (2008) under Articles 89/15, 89/16, 89/17, and 89/23.

Compensation Paid to Directors and Executives

Criteria of compensation paid to the directors are determined by the Board, based on detailed screening and consideration, and are measured against the performance of industry peers' practices and standards, as well as their experience, scope, duty and responsibility, as approved by the shareholders.

**Compensation Paid to the Directors**

1. In 2013, AHC paid compensation to 10 directors a total sum of Baht 5,512,000.

The compensation consisted of the following bonuses and meeting allowances:

Unit : Thousand Baht

| | Name | Position | Directors' Compensation | |
|--------------|---------------------------------|-------------------------------------------------------|-------------------------|-----------------|
| | | | 2013 | 2012 |
| 1 | Mr. Apirag Vanich | Chairman of the Board | 684.00 | 660.00 |
| 2 | Mr. Vichai Dhepchalerm | Vice Chairman of the Board | 384.00 | 370.00 |
| | | Chairman of the Audit Committee | 192.00 | 144.00 |
| | | Member of the Nomination and Remuneration Committee | 12.00 | 7.50 |
| 3 | Mrs. Phortchana Manoch | Vice Chairman of the Board | 384.00 | 370.00 |
| | | Chairman of the Executive Board | 244.00 | 246.00 |
| 4 | Dr. Sucha Nimmannit M.D. | Director | 384.00 | 370.00 |
| | | Executive Director | 144.00 | 146.00 |
| 5 | Dr. Krisada Banchuin M.D. | Director | 384.00 | 370.00 |
| | | Member of the Audit Committee | 192.00 | 158.00 |
| | | Chairman of the Nomination and Remuneration Committee | 16.00 | 7.50 |
| 6 | Mr. Sirichai Manoch | Director | 568.00 | 508.00 |
| | | Executive Director | 136.00 | 140.00 |
| 7 | Mrs. Kanchana Chitrudiamphai | Director | 372.00 | 370.00 |
| 8 | Second Lieutenant Kitti Toranin | Director | 384.00 | 370.00 |
| | | Member of the Audit Committee | 228.00 | 176.00 |
| | | Member of the Nomination and Remuneration Committee | 16.00 | 7.50 |
| 9 | Prof. Dr. Sawaek Weerakiet M.D. | Director | 372.00 | 360.00 |
| | | Member of the Audit Committee | 16.00 | 36.00 |
| | | Member of the Nomination and Remuneration Committee | 16.00 | 7.50 |
| 10 | Ms. Oranuj Vanich | Director | 384.00 | 370.00 |
| Total | | | 5,512.00 | 5,194.00 |



2. In 2013, AHC paid compensation to executives and advisers a total sum of Baht 19,867,850, consisting of salaries, bonuses, consultant fees, and meeting allowances.

Employees

As of December 31, 2013, the full time employee stood at a total of 1,159, divided into :

| | |
|-------------------------------------------|--------------|
| - Doctor, Nurses and others Medical Staff | 883 |
| - Administrative and support Staff | <u>276</u> |
| Total | <u>1,159</u> |

Compensation to the employees in 2013 totaled Baht 410.56 million. (Compensation consisted of salaries, bonuses, daily wages, provident fund contribution, and others).

Profile of the Board of Directors and Executives



Mr. Apirag Vanich

- Chairman of the Board

Age 48

Education

- MBA, Indiana University, USA
- B.S. Agricultural Economics, Purdue University, USA

IOD Programs

- The Role of Chairman (RCM) (2006)
- Directors Certification Program (DCP) (2005)
- Directors Accreditation Program (DAP) (2005)
- Finance for Non-Financial Directors (FN) (2005)

Other training

- Leader Program, Capital Market Academy

Other present positions

- Chairman

1. Univanich Palm Oil Plc
2. Chean Vanich Co., Ltd.
3. Chean Vanich Transport Co., Ltd.
4. Vanich Pilok Mining Co., Ltd.
5. Vanich Gypsum Co., Ltd.
6. Vanich Lineal Co., Ltd.
7. Phuket Rubber Co., Ltd.
8. Phuket Ngow Hock Co., Ltd.
9. Aik Rock Industry Co., Ltd.

(%) Share Possession 19.86

Family ties among executives

- Mrs. Phortchana Manoch Sibling
- Mrs. Kanchana Chitrudiamphai Sibling
- Ms. Oranuj Vanich Sibling



Mr. Vichai Dhepchalerm

- Vice Chairman of the Board
- Independent Director
- Chairman of the Audit Committee
- Member of the Nomination and Remuneration Committee

Age 85

Education

- Associate Mining Engineer

IOD Programs

- Directors Accreditation Program (DAP) (2005)

Other training None

Other present positions

- Director

1. Vanich Gypsum Co., Ltd.
2. Vanich Pilok Mining Co., Ltd.
3. Phangnga Timber Co., Ltd.
4. Tycoon Andaman Co., Ltd.

(%) Share Possession 0.50

Family ties among executives None



Mrs Phorthana Manoch

- Vice Chairman of the Board
- Chairman of the Executive Board

Age 59

Education

- M.S. Hospital Administration, University of Wisconsin, USA
- B.S. Business Administration, University of Wisconsin, USA
- Bachelor of Laws, Dhurakij Pundit University

IOD Programs

- Directors Certification Program (DCP) (2002)
- Financial Statements for Directors (FSD) (2011)

Other trainings

- Good Governance for Medical Executives
Course - Class 1 - the King Prajadhipok's Institute

Other present positions

- Director
- 1. Univanich Palm Oil Plc
- 2. Chean Vanich Co., Ltd.
- 3. Vanich Lineal Co., Ltd.
- 4. Vanich Pilok Mining Co., Ltd.

(%) Share Possession 2.92

Family ties among executives

- Mrs. Kanchana Chitruamphai Sibling
- Mr. Apirag Vanich Sibling
- Ms. Oranuj Vanich Sibling
- Mr. Sirichai Manoch Spouse



Sucha Nimmannit, M.D.

- Director
- Executive Director
- Deputy Managing Director of Medicine,
Aikchol Hospital

Age 74

Education

- Doctor of Medicine, Faculty of Medicine
Siriraj Hospital, Mahidol University
- Diploma in Family Medicine
Medical Council of Thailand

IOD Programs

- Directors Accreditation Program (DAP) (2005)

Other training None

Other present positions None

Experience

- Physician, Chon Buri Hospital

(%) Share Possession 0.66

Family ties among executives None



Krisada Banchuin M.D.

- Director
- Independent Director
- Chairman of the Nomination and Remuneration Committee
- Member of the Audit Committee

Age 67

Education

- Doctor of Medicine, Faculty of Medicine, Ramathibodi Hospital, Mahidol University
- DIP American Board of Pediatrics
- Diploma, Thai Board of Pediatrics, Medical Council of Thailand
- Diploma in Family Medicine, Medical Council of Thailand

IOD Programs

- Directors Accreditation Program (DAP) (2005)
- Directors Certification Program (DCP) (2012)
- Role of the Compensation Committee (RCC) (2012)
- Audit Committee and Continuing Development Program (ACP) (2013)
- Monitoring Fraud Risk Management (MFM) (2013)
- Monitoring the System of Internal Control and Risk Management (MIR) (2013)
- Monitoring the Internal Audit Function (MIA) (2013)
- Monitoring the Quality of Financial Reporting (MFR) (2013)

Other trainings None

Other present positions

- Physician, Dr. Krisada Clinic
- Faculty director (outside expert), Faculty of Sports Science, Burapha University

Experience

- Physician, Chon Buri Hospital
- Member of Academic Council, Burapha University

(%) Share Possession 0.14

Family ties among executives None



Mr. Sirichai Manoch

- Director
- Executive Director

Age 69

Education

- Associate Mining Engineer

IOD Programs

- Directors Accreditation Program (DAP) (2004)

Other training None

Other present positions

- Managing Director
- 1. Sirichai and Brothers Co., Ltd.
- 2. Krissiri Mining Co., Ltd.
- 3. T.T. Mining Co., Ltd.
- 4. Pilok Hill Limited Partnership
- 5. Preya Mining Limited Partnership

(%) Share Possession 2.92

Family ties among executives

- Mrs. Phortchana Manoch Spouse



Mrs. Kanchana Chitrudiamphai

● Director

Age 55

Education

- B.S. Finance, University of Wisconsin, USA
- B.S. Human & Relationship, University of Wisconsin, USA

IOD Programs

- Directors Accreditation Program (DAP) (2005)

Other training None

Other present positions

- Director

1. Univanich Palm Oil Pcl
2. Chean Vanich Co., Ltd.
3. Chean Vanich Transport Co., Ltd.
4. Vanich Pilok Mining Co., Ltd.
5. Vanich Gypsum Co., Ltd.
6. Vanich Lineal Co., Ltd.
7. Phuket Rubber Co., Ltd.
8. Phuket Ngow Hock Co., Ltd.

(%) Share Possession None

Family ties among executives

- Mrs. Phortchana Manoch Sibling
- Mr. Apirag Vanich Sibling
- Ms. Oranuj Vanich Sibling



Second Lieutenant Kitt Toranin

● Director

● Independent Director

● Member of the Audit Committee

● Member of the Nomination
and Remuneration Committee

Age 80

Education

- Advanced Diploma in Accounting,
Thammasat University

IOD Programs

- Directors Accreditation Program (DAP) (2004)

Other training None

Other present positions

- Certified Public Accountant No. 86

Experience

- Director, Administrative Office,
Thailand Tobacco Monopoly, Ministry of Finance
- Head, Internal Control Division,
Thailand Tobacco Monopoly, Ministry of Finance

(%) Share Possession None

Family ties among executives None



Professor Dr. Sawaek Weerakiet M.D.

- Director
- Independent Director
- Member of the Audit Committee
- Member of the Nomination Remuneration Committee

Age 58

Education

- Doctor of Medicine, Faculty of Medicine, Ramathibodi Hospital, Mahidol University
- Diploma, Thai Board of Obstetrics and Gynecology, Medical Council of Thailand

IOD Programs

- Directors Accreditation Program (DAP) (2011)

Other training None

Other present positions

- Lecturer, Department of Obstetrics and Gynecology, Faculty of Medicine, Ramathibodi Hospital

(%) Share Possession None

Family ties among executives None



Ms. Oranuj Vanich

- Director

Age 50

Education

- B.S. Marketing, Indiana State University, USA
- Hotel Management Diploma, Hotel Management School, "Les Roches" Switzerland

IOD Programs

- Directors Accreditation Program (DAP) (2011)
- Financial Statements for Directors (FSD) (2013)

Other training None

Other present positions

- Executive Director

1. Vanich Gypsum Co., Ltd.

(%) Share Possession 3.87

Family ties among executives

- Mrs. Phortchana Manoch Sibling
- Mrs. Kanchana Chitru diamphai Sibling
- Mr. Apirag Vanich Sibling



Sanit Charkrit M.D.

- Advisor to the Executive Board
- Managing Director of Medicine, Aikchol Hospital

Age 65

Education

- Bachelor of Medical Science, Chulalongkorn University
- Doctor of Medicine, Chulalongkorn University
- Bachelor of Laws, Sukhothai Thammathirat Open University

Experience

- Director
1. Chiang Kham Hospital, Phayao Province
 2. Phrae Hospital, Phrae Province

(%) Share Possession None

Family ties among executives None



Mrs. Prapaphan Tanthavirat

- Advisor to the Executive Board,
- Managing Director of Administration, Aikchol Hospital, and Company Secretary

Age 64

Education

- Bachelor of Accountancy, Faculty of Commerce and Accountancy, Thammasat University
- Master of Public Administration, Faculty of Political Science, Thammasat University

Trainings

- Fundamental Practice for Corporate Secretary (FPCS), Class 18, 2008

Experience

- Deputy Managing Director of Administration, Chon Buri Hospital
- Expert/Deputy Director of Financial Administration Bureau, National Health Security Office
- Director of Financial Administration Bureau, National Health Security Office

(%) Share Possession None

Family ties among executives None



Mrs. Somporn Permsuk

- Advisor to the Executive Board
- Managing Director of Administration, Aikchol Hospital 2

Age 63

Education

- Bachelor of Public Administration, Sukhothai Thammathirat Open University

Experience

- Deputy Managing Director of Administration, Mae Sod Hospital, Tak Province

(%) Share Possession None

Family ties among executives None

Notes

1. The share possession of each executive includes the relevant shareholders under Article 258 of the Securities and Exchange Act
2. No executives have unlawful records.



Corporate Governance

Corporate Governance Policies

The Company is committed to be a leading hospital of the Eastern Region, providing confidence to the investors and business stakeholders, creating value added to the organization, and promoting sustainable growth. To this end, the operation of the Hospital adheres to good corporate governance. The Hospital defines the management and the monitoring mechanisms so that its operation may run efficiently and meet the objectives and targets, based on transparency, responsibilities toward all stakeholders, as well as corporate social responsibilities for the benefit of all.

In 2013, the Board of Directors reviewed the good governance policy for the first time as disclosed on the Hospital's website at www.aikchol.com.

Committees

The Hospital has four committees, namely the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, and the Executive Board, detailed as follows:

Board of Directors (See Management Structure page 18)

Audit Committee

The meeting of the Board of Directors No.272 on April 18, 2012, appointed the Audit Committee who completed its term, consisting of four independent directors with a term of two years as follows:

- | | | | |
|----|-------------------|----------------|----------|
| 1. | Mr. Vichai | Dhepchalerm | Chairman |
| 2. | Dr. Krisada | Banchuin M.D. | Member |
| 3. | Second Lieutenant | Kitti Toranin | Member |
| 4. | Prof. Dr. Sawaek | Weerakiet M.D. | Member |

Each member is qualified, skilled, with proper experiences and qualifications. Second Lieutenant Kitti Toranin has sufficient knowledge and experience required to monitor the reliability of the Company's financial statements.

Term of the Audit Committee

The Chairman and the Members hold directorship of two years for each term. The Members who complete their terms are eligible for reappointment.

Qualifications of the Audit Committee

1. Hold up to 1 percent of the voting shares of the Company, holding company, subsidiaries, associates, major shareholders, or persons who have control over the



person who seeks permission, or juristic persons who have conflicts of interest, including the shares held by the connected parties of the independent directors.

2. Are not or have not involved in the management, wage earners, employees, advisors on the payroll of the Company, or those who have control over the Company, holding company, subsidiaries, associates, subsidiaries of the same level, major shareholders, or juristic persons that have conflicts of interest for at least two years before the appointment.

3. Are not the persons of blood relation or legal registration as father, mother, spouse, sibling, or children, including the spouse of the children and of the other directors, executives, major shareholders, persons who have control over the Company, or those who are recommended as directors, executives, or the persons who have control over the Company or subsidiaries.

4. Do not have or have not had business relation with the Company, holding company, subsidiaries, associates, major shareholders, persons who have control over the Company, or juristic persons who could pose conflicts of interest that may hamper the independent exercise of discretion; are not or have not been important shareholders or persons who have control over those who have business relation with the Company, holding company, subsidiaries, associates, major shareholders, persons who have control over the persons who ask permission, directors who are not independent directors, or executives of those who have business relation with the Company, or juristic persons who could pose conflicts of interest for at least two years before the appointment.

The above business relation includes normal business transactions of business operation, leasing, leasing out assets, transactions covering assets or services, giving or accepting financial assistance by accepting or lending, guaranteeing, giving assets as the collateral for debt, or other similar acts, resulting in the debt burden of person who asks permission or contracting partner to the other person from 3 percent of the tangible fixed assets of the person who asks permission or from 20 million baht upward, whichever amount is lower. The calculation of the debt burden must be done according to the calculation of the connected transactions as stipulated by the Capital Market Supervisory Board on the accommodated criteria of connected transactions. But in considering the debt burden, the debt burden taken place in the period of one year before the business relation with the same person must also be included.

5. Are not or have not been the auditor of the Company, holding company, subsidiaries, associates, or juristic persons who could pose conflicts of interest, and are not major shareholders, directors who are not independent directors, executives, important shareholders, persons who have control, or managing partners of the auditing office that the auditor of the Company or the juristic persons who could pose conflicts of interest are attached to for at least two years before the date of appointment.



6. Are not or have not been professional advisors, whether legal or financial, with the consulting fees of more than two million baht a year from the Company, holding company, subsidiaries, associates, or juristic persons who could pose conflicts of interest. In case the professional advisors are juristic persons, this should include major shareholders, directors who are not independent directors, executives, persons who have control, or managing partners of the professional advisors at least two years before the date of appointment.

7. Are not the directors appointed as the representatives of the Company directors, major shareholders, or shareholders who are connected with the Company's major shareholders.

8. Do not have any characteristics that hinder the ability to express freely the views on the operation of the Company.

9. Are not the directors assigned by the Board of Directors to decide on the operation of the Company, holding company, subsidiaries, associates, or juristic persons who could conflicts of interest.

10. Are not the directors of the holding company, subsidiaries, or sister companies, specifically registered companies.

11. For the benefit of the consideration of the qualifications, definitions are hereby given:

11.1 "Holding company" means the company that holds shares in a registered company whether directly or indirectly in excess of 50 percent of the paid-up capital of the registered company.

11.2 "Subsidiary" means the company where a registered company holds shares whether directly or indirectly in excess of 50 percent of the paid-up capital of the company

11.3 "Major shareholder" means the shareholder whether directly or indirectly in a registered company or a subsidiary combined in excess of 10 percent of the paid-up capital of the company or the subsidiary, including the shares held by connected parties.

11.4 "Executive" means executive director, manager, employee at the level of manager upward, or any person with the same level but is called otherwise with the authority of management of the Company and subsidiaries, including the employee with whom the Company or the subsidiaries make a contract to have all or some authority in the management of the Company or subsidiaries.

11.5 "Connected party" means the party under section 258 (1) to (2) of the Securities and Exchange Act (1992)

11.6 "Independent view" means free expression of views or report of the assigned work without having to consider any benefit concerning assets or positions and



not falling under the influence of any person or group of persons, including no pressing circumstance that hinders the ability to properly express one's view.

Duties and Responsibilities

1. Ensure that the Company's financial reports are correct and sufficient.
2. Ensure the suitability and effectiveness of the Internal Control system and Internal Audit procedures; ensure the independence of the internal control unit; approve the appointment, transfer, employment termination, and penalty to the head of the internal control unit by jointly assessing the case with the highest-ranking management.
3. Ensure the compliance with the securities and exchange laws, SET's regulations, or laws relevant to the business of the Company.
4. Ensure the suitability of the risk management system and risk management measures.
5. Ensure the correctness and suitability of the medical treatment standards.
6. Monitor the internal process on whistle-blowing and complaint-making, especially about improper financial statements or other issues, ensuring that the whistle-blower is confident about independent investigation and suitable follow-up.
7. Monitor the proofs of internal investigation, in case of doubt or under assumption of any malfeasant or abnormal cases or major flaws in the internal control system and report to the Board of Directors for further consideration.
8. Approve the charter of the internal audit unit.
9. Approve the annual auditing of the internal audit unit.
10. Consider, select, and recommend the appointment of an independent person as the auditor of the Company and recommend the auditing fees, as well as attend meetings with the auditor without the management at least once a year.
11. Consider the connected transactions and transactions which pose conflicts of interest in compliance with SET's laws and regulations to ensure that the transactions are reasonable and provide maximum benefit to the Company.
12. Prepare the corporate governance report of the Audit Committee and disclose it in the Company's annual report, counter-signed by the Chairman of the Audit Committee and must contain at least the following information:
 - 12.1 Opinions on correctness, completeness, and reliability of the Company's financial reports.
 - 12.2 Opinions on the sufficiency of the Company's internal control system.
 - 12.3 Opinions on the compliance with the securities and exchange laws, SET's regulations, or the laws related to the Company's business.
 - 12.4 Opinions on the suitability of the auditor.
 - 12.5 Opinions on the connected transactions that could pose conflicts of interest.



12.6 The number of the meetings of the Audit Committee and the meeting attendance of each member of the Audit Committee.

12.7 Overall opinions and remarks received by the Audit Committee from implementation under the charter.

12.8 Other transactions that the shareholders and the general investors should know under the scope, duty, and responsibility assigned by the Board of Directors.

12.9 Perform other duties assigned by the Board of Directors with the approval of the Audit Committee.

13. Other duties

13.1 Monitor the annual charter of the Audit Committee in order to consider the necessity to change the responsibility of the Audit Committee, recommend change if necessary, and submit the case to the Board of Directors for approval.

13.2 The Audit Committee may seek advice from independent external advisors, if necessary, at the Company's expense.

In performing the above duties, the Audit Committee answers directly to the Board of Directors and the Board of Directors is still responsible for the operation of the Company vis-à-vis outsiders.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of independent directors with a term of two years as follows:

| | | |
|----------------------|----------------|----------|
| 1. Dr. Krisada | Banchuin M.D. | Chairman |
| 2. Mr. Vichai | Dhepchalerm | Member |
| 3. Second Lieutenant | Kitti Toranin | Member |
| 4. Prof. Dr. Sawaek | Weerakiet M.D. | Member |

Term of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee holds directorship for a term of two years. Those who complete their term are eligible for reappointment.

Duties and Responsibilities

Nomination

1. Define the recruitment policies, criteria, and procedures for directors and persons with the authority of management and submit to the Board of Directors for approval.

2. Select and recommend the qualified candidates in compliance with relevant rules and laws for the positions of Directors, Members of Committees, persons with the authority of management, and submit them to the Board of Directors for consideration.

In nominating Directors, the Nomination and Remuneration Committee will take into account the experience of at least one important field for the Board of Directors (such



as medicine, finance, business administration, marketing, human resource management, law, and management) as well as the ability to caution the work of the Board of Directors, the ability to decide on business matters based on reason, strategic thinking, leadership, as well as high-level professionalism, honesty, and proper personal qualifications.

3. Ensure that the Board of Directors and the Committees have the proper size and composition as well as modifying according to the changed environment; ensure that the Board of Directors and the Committees consist of qualified, skilled, and experienced persons.

4. Disclose the recruitment policies and procedures in the Company's annual report.

5. Review and summarize a suitable succession plan and continuous management for the position of top executives on an annual basis and report to the Board of Directors for acknowledgment.

Compensations

1. Define the compensation policies, criteria, procedures as well as other benefits; recommend compensation for top executives based on clear, transparent criteria and submit it to the Board of Directors for consideration.

2. Ensure that the directors and top executives receive proper compensation in line with their duties and responsibilities.

3. Define the guidelines for performance assessment of the directors and the persons with the authority of management in view of annual compensation consideration.

4. Disclose the policies on compensation consideration and the compensation in various forms, prepare the report on compensation consideration with at least details on target, operation, and opinions of the Nomination and Remuneration Committee in the Company's annual report.

5. Recommend suitable compensations for the directors and the members of the Committees to the Board of Directors for consent before submitting to the meeting of the shareholders for approval.

6. Perform duties as assigned by the Board of Directors.

Executive Board

The meeting of the Board No. 280 on August 14, 2013, appointed the Executive Board with the term of one year as follows:

- | | | |
|--------------------|----------------|---------------------------------|
| 1. Mrs. Phortchana | Manoch | Chairman of the Executive Board |
| 2. Dr. Sucha | Nimmannit M.D. | Executive director |
| 3. Mr. Sirichai | Manoch | Executive director |



Term of the Executive Board

1. The members of the Executive Board are to hold the position for a term of one year.
2. The members of the Executive Board terminate their position under the following cases:
 - 2.1 Termination of directorship of the Company
 - 2.2 Resignation
 - 2.3 Death
 - 2.4 Removal by the resolution of the Board of Directors
3. When an executive director(s) terminates directorship before the term completion, the Board of Directors will appoint a qualified director to replace the outgoing one for only as long as the remaining term of directorship.

Duties and Responsibilities

1. Define the plans and operating plans of the policies assigned by the Board of Directors to meet the Company's objectives.
2. Define the structure of the Company's main line of business, that is, medical treatment and its supporting units in compliance with the economic situations and competition and submit to the Board of Directors for approval.
3. Define business plans, budgets, power of management, and responsibilities of each department and submit them to the Board of Directors for approval.
4. Have the authority to approve the financial operation within the limit defined by the Board of Directors.
5. Set up an Internal Control system to protect the capital of the shareholders and the assets of the Company.
6. Ensure the efficiency of the Internal Audit system, covering Financial Audit, Operational Audit, Compliance Audit, Managerial Audit, and especially Risk Management Audit.
7. Be responsible for relevant outsiders such as business partners and contracting parties so that business operation is based on joint profit and satisfaction; respect the conditions made by creditors; and supervise other assurances.
8. Oversee the development and promotion of a safe environment, work environment, and team-work organizational culture.
9. Be responsible for management of employees who are valuable resources and thus the Company's success factor by recognizing the rights of all employees.
10. When witnessing any unethical or unlawful practices, must monitor and report them to the Board of Directors or the Audit Committee, depending on the case.
11. Disclose the information on performance in the annual report as stipulated by laws and relevant regulations for the sake of transparency and good corporate governance.



12. Perform other duties as assigned by the Board of Directors.

Nomination and Appointment of Directors and Top Executives

The Board of Directors appointed the Nomination and Remuneration Committee to consider the qualifications and nominate directors, executive directors, advisors, top executives from the levels of managing director, deputy managing director, assistant managing director and submit them to the Board of Directors for consideration as deemed appropriate in compliance with the Company's regulations.

The position of directors will be submitted to the meeting of the shareholders for acknowledgment or approval in compliance with the Company's regulations. The voting procedures to elect a director in the meeting of shareholders are as follows:

1. One shareholder holds one vote per share.
2. Each shareholder can elect one or more persons as directors as deemed appropriate. In voting one or more persons as directors, each voted candidate will receive the vote according to all the shares held by the shareholder under 1. The shareholder cannot allocate only part of the votes to any candidate.
3. Candidates with the most votes are to be appointed directors up to the number open at a given meeting. If more candidates receive equal votes than the number of directors required, the Chairman of the meeting must cast a deciding vote.

If a post is vacated because of reasons other than term completion, the Board of Directors may elect a qualified person without forbidden characteristics as a director in compliance with the Public Limited Companies Act and the securities and exchange laws at the next Board meeting, except when the vacated director position has less than two months left.

The resolution of the Board in paragraph 1 must consist of at least three-quarters of the votes by the remaining directors. The new director as per paragraph 1 must remain in office for only as long as the remaining term.

Qualifications of Independent Directors

The Company's independent directors have the qualifications in compliance with the regulations of SET and SEC as follows:

1. Hold up to 1 percent of the voting shares of the Company, subsidiaries, associates, or persons who could pose conflicts of interest (including the shares held by connected parties under Article 258 of the Securities and Exchange Act).
2. Are not or have not been involved in the management, wage earners, employees, advisors on the payroll of the Company, or those who have control over the Company, holding company, subsidiaries, associates, sister companies, major shareholders, or those with control over the Company for at least two years before the appointment.



3. Are not persons of blood relation or legal registration as father, mother, spouse, sibling, and children, including the spouse of the children and of the executives, major shareholders, persons who have control, or those who are recommended as executives, or the persons who have control over the Company or subsidiaries.

4. Do not have or have not had business relation with the Company, holding company, subsidiaries, associates, or juristic persons who could pose conflicts of interest that may hamper the independent exercise of discretion; are not or have not been major shareholders, directors who are not independent directors, or executives of those who have business relation with the Company, or juristic persons who could pose conflicts of interest for at least two years before the appointment.

5. Are not or have not been the auditor of the Company, holding company, subsidiaries, associates, or juristic persons who could pose conflicts of interest, and are not major shareholders, directors who are not independent directors, executives, or managing partners of the auditing office that the auditor of the Company or the juristic persons who could pose conflicts of interest are attached to for at least two years before the date of appointment.

6. Are not or have not been professional advisors, whether legal or financial, with the consulting fees of more than two million baht a year from the Company, holding company, subsidiaries, associates, or juristic persons who could pose conflicts of interest. In case the professional advisors are juristic persons, this should include major shareholders, directors who are not independent directors, executives, or managing partners of the professional advisors for at least two years before the date of appointment.

7. Are not the directors appointed as the representatives of the Company directors, major shareholders, or shareholders who are connected with the Company's major shareholders.

8. Do not have any characteristics that hinder the ability to express freely the views on the operation of the Company.

Supervision of the Use of Inside Information

All of the Company's executives must comply with the regulations of SET and SEC on the disclosure of the share ownership of the executives and the auditor, and report it to SEC within 30 days of the date they take up a position and within three days after the purchase, sale, and transfer of such shares. Those who do not comply will be penalized according to the Securities and Exchange Act 1992.

The Company has defined the implementing principles and penalties in the regulations on the operation of the Company to prevent its employees from using its inside information for their own benefit which may conflict with the benefit of or may cause damage to the Company.



Moreover, the Company has set up business ethics to serve as the guiding principles and responsibilities of the directors, executives, and employees. The policy of the purchase and sale of the Company's shares and the use of information are part of the business ethics.

Audit Fees

1. Last year, the Company paid audit fees to Dharmniti Auditing Co, Ltd. totaling 800,000 baht (eight hundred thousand baht only).

2. Non-Audit Fee

- None -



The Company's Corporate Governance Practices in 2013

The Company values corporate governance and therefore clearly defines corporate governance policies and practices in relevant fields (can be downloaded at www.aikchol.com) as follows:

Section 1 Rights of Shareholders

1. The Company values shareholders and respects their rights by abiding by the rules of law. The Company schedules an annual general meeting of shareholders (AGM) within four months of the annual closing date of its accounting books. For urgent matters that may affect or involve the shareholders' interests that may require the shareholders' approval, the Board can call an extraordinary meeting of the shareholders on a case-by-case basis. In 2013, the AGM fell on April 29, 2013, at Conference Room 1, 3rd floor, Building 2, Aikchol Hospital. During the past year, 36 shareholders attended the meeting, whether in person or through proxy, accounting for 49.91 percent of the Company's overall shares. All directors attended the AGM, including the Chairman of the Board, the Chairman of the Executive Board, the Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee, and independent directors.

2. In 2013, the Company mailed the meeting notices to the shareholders ahead of time to notify them of the meeting agendas, comments of directors under each agenda item, as well as accompanying documents more than 14 days ahead of each meeting date, as stipulated by law so that the shareholders had sufficient information for decision-making and that they could fully exercise their rights. The Company provided the details of the documents that the shareholders needed to bring with them on the meeting day to reserve their rights to attend the meeting and to vote. Moreover, in order to facilitate the shareholders, the Company disclosed the meeting notices and relevant documents at its website before mailing them at least 30 days ahead of the meeting date and announced the invitation through Thai daily newspapers for three days and at least 14 days ahead of the meeting date.

3. The Company explained the rules and procedures of the AGM to the shareholders in the meeting notices.

4. The Company mailed accompanying documents together with the meeting notices for each agenda item which were sufficient for decision-making.

5. The Company allowed the shareholders to register one and a half hours before the meeting or send the proxy form with the proof to the Company at least one day before the meeting date so as to avoid document checking on the meeting day.

6. The Company explained the rules of the meeting and the voting procedures to the shareholders during the AGM.



7. The Chairman of the meeting gave the floor to all the attendants to express opinions and ask questions to which the relevant directors addressed all questions clearly and sufficiently. The legal advisor acted as an intermediary to check the voting for transparency all through the meeting. Moreover, after each meeting, the attending directors would meet with the shareholders to allow them to ask questions unasked during the meeting.

8. The Chairman of the meeting gave the shareholders who arrived after the start of the meeting to exercise their voting rights during the agenda item under consideration when its resolution had not been passed.

9. The Company provided sufficient employees and technology to facilitate the verification of the shareholders' documents and stamps for those with proxy forms.

10. The Company recorded complete and accurate minutes of the meeting, disclosed the resolutions of the meeting through SET channels, and disclosed the minutes of the 2013 AGM within 14 days of the meeting date at the Company's website so that all shareholders might know in no time and other interested people might have the opportunity to know and learn about the Company's information.

Section 2 Equitable Treatment of Shareholders

1. The Company provides opportunities for the shareholders who cannot attend the meeting of the shareholders in person to delegate the Company's independent directors or others to attend the meeting and vote in their place. The Company prepares Proxy Form B defined by the Ministry of Commerce so that the shareholders can determine the direction of the votes. The Company has sent the Proxy Forms to the shareholders together with the meeting notices. However, in case the shareholders wish to use another forms of delegation, the Company disseminates all Proxy Forms defined by Ministry of Commerce at the Company's website.

In the 2013 AGM, 27 shareholders gave Proxy Forms to ordinary people and directors of the Board who are independent directors and who are recommended by the Company as proxies to vote in their place.

2. The Company uses ballots for each agenda, especially the agenda item on election of directors. The Company provides opportunities for the shareholders to elect individual directors. In the 2013 AGM, during the agenda item on electing directors to replace three of them who completed their terms, the Company prepared three separate ballots so that the shareholders could vote on an individual basis.

3. In the 2013 AGM, the Chairman of the meeting ensured that the meeting proceeded according to the order of the agenda and did not add an item without notifying shareholders in advance.

4. The directors defined the method of filing and preventing the use of inside information in writing contained in the business ethics as a preventive measure for



directors, executives, and employees to use the Company's inside information for the benefit of themselves or others in a dishonest way. The Company also notifies the guideline and policy for everyone in the organization to comply. In 2013, all directors, executives, and employees strictly obeyed the policy without exception.

Section 3 Role of Stakeholders

The Company values the rights of all stakeholders and is committed to being an efficient organization, responsible for stakeholders, whether business operation or personnel. Therefore, the Company has defined implementing guidelines for the directors, executives, and employees to adhere to as follows:

Treatment of the Company's Stakeholders

Shareholders

1. Perform duties with integrity, honesty, and base decisions on sincerity and fairness to both major and minor shareholders, and for the benefit of all stakeholders.
2. Manage the Company's business so that it is prosperous, stable, and provides proper profits to the shareholders.
3. Perform duties and make decisions with ability and caution by applying knowledge, experience, expertise, and management skill to the best of ability in every case.
4. Report situations and work performance of the Company to shareholders on an equal, constant, complete, and correct basis.
5. Do not seek profits for themselves or related persons by disclosing the Company's undisclosed information.
6. Do not disclose the Company's confidential information in a dishonest manner.
7. Do not act in any way that may cause conflicts of interest with the Company.

Customers

1. Satisfy the customers and provide them with confidence that they will receive excellent quality service under safety and proper technology; constantly upgrade standards.
2. Disclose complete, correct, timely information on services without distorting facts; maintain good and long-lasting relationship.
3. Set up systems for customer services and open up communication channels so that customers can make complaints; perform to the best of ability to quickly satisfy customers' needs.
4. Value constant maintenance of the confidential information of the customers and refrain from using it for own benefit and/or benefit of other relevant persons.



Business Partners

1. Comply with all contracts, agreements, and conditions made with the business partners with strictness, transparency, and equality.
2. Do not dishonestly seek or accept business benefits from business partners; do not dishonestly refrain from paying business benefits to business partners.
3. If unable to meet the conditions, must notify business partners in advance to jointly solve the problems on a reasonable basis.

Business Competitors

1. Treat business competitors with equality and fairness and based on fair profit for both sides.
2. Obey the rules of fair competition.
3. Do not seek confidential information of business competitors through dishonest or improper means.
4. Do not destroy the reputation of business competitors through slander.

Creditors

1. Abide by the contracts, agreements, and conditions made with creditors on a strict, transparent, and equitable basis.
2. Regularly report the Company's financial standing with honesty, correctness, and timeliness to the creditors.
3. If unable to meet the conditions, must notify the creditors and negotiate with them in advance to jointly seek ways to solve the problems and prevent any damage.

Employees

1. Provide fair compensation, proper to knowledge, ability, responsibility, and work performance of each employee.
2. The appointment, transfer, compensation, and punishment of the employees must be done on an equitable basis, with sincerity, and based on knowledge, ability, suitability, as well as deeds and practices of the particular employee.
3. Treat the employees with fairness and focus on their development by disseminating knowledge and ability to them, and by giving them equal and continuous chance.
4. Strictly adhere to laws and regulations on employees.
5. Ensure that the work environment is constantly safe to the lives, health, bodies, and assets of the employees.
6. Manage by avoiding any unjust practice that may impact the security of the employees to perform their duties.
7. Listen to the opinions and recommendations of all employees on an equal and equitable basis.



8. Ensure that all employees understand ethics as well as roles and duties so as to promote the ethical behavior in the whole Company.

9. Encourage all employees to participate in charting the direction of work, as well as solving the overall problems of the organization and the Company.

10. Encourage all employees to attend additional training in courses relevant to their work.

11. Encourage all employees to be good and moral.

All employees work by using copyrighted computer software. The Company does not install or use computer software program with infringed copyrights in the office. In fact, it has bought the Software Microsoft SQL rights to prevent infringement of intellectual property rights or copyrights, etc.

Moreover, the "Executives meet the Employees" Project allows all employees to be aware of the Company's concepts. If a problem arises, employees can directly voice their complaints or make recommendations to the executives to improve the work process. Also, the HA Learning Project is to develop quality work among each other to reduce risks in the organization. The "Aikchol Star" Project inspires employees who obey the Company's rules and regulations. The Company believes that work efficiency comes from a sense of belonging by employees. Therefore, it is committed to forging secure relations and constantly undertaking surveys on the attachment (engagement) employees have toward their organization so as to improve operation of the Company, specifically efficient human resource management.

In addition, the Company oversees the well-being and welfare of the employees, such as medical cost contribution to the employees and their families, a provident fund, a lending fund for needy employees and also for scholarships. Under the Company's regulations of safety in the workplace for all employees, at the end of each month, every department must summarize safety risks in the workplace for its own employees and submit them to the Risk Management Committee so that it may be aware of risks and/or guidelines to solve/prevent the risks. The Risk Management Committee will jointly consider the cases again to chart the best policy for the organization.

Community, Society, and Environment

1. Do not engage in any activity that may harm natural resources and the environment more than stipulated by the law.

2. Do not support any activity harmful to the society or good morality and/or encourage vices.

3. Focus on groups and social activities to develop society, communities, the environment, and innovate and preserve natural resources.

4. Support activities that benefit the public, such as reduced consumption of energy and natural resources.



5. Cultivate constant awareness of social and environmental responsibilities in the Company and all employees.

6. Cooperate and ensure strict implementation under relevant laws and regulations.

7. Respond quickly and efficiently to events with impacts on communities and the environment as a result of the Company's operation by fully cooperating with government officials and relevant agencies.

8. Promote efficient energy saving for future generations.

The Company is aware of its part in the society by supporting group charity activities.

Major Corporate Social Responsibility Activities in 2013

1. The "All Lives Can Be Saved" Project was initiated in 2009 to provide knowledge, skills, and proper resuscitation practices for rescue volunteers from various foundations so that the resuscitation may be effective, reduce the number of deaths, and prevent ensuing deformities, or complications.

2. The "Aikchol Blood" Project for the Thai Red Cross Society by the Regional Blood Center III (Cholburi Province). It annually donates blood to hospitals in Cholburi Province and adjacent provinces.

3. Scholarships for nurses to promote and develop nursing personnel and to meet the shortage of professional nurses.

The Company's CSR focuses on health knowledge dissemination to the people through various projects and activities, including health knowledge in schools, dissemination of documents on health, in front of lifts, or distribution in the annual provincial fairs. The Company also provides free basic medical check-ups for people as part of the activities of volunteered doctors in collaboration with officials in provinces and districts.

The Company has set up an Environment and Safety Committee with the duty of managing and developing structures of the buildings of the Hospitals to ensure alignment with laws, rules, and regulations of building investigation; designing and zoning of the building; facilitating of safety, convenience, patients' privacy, and efficient work; ensuring that the persons in the buildings will be safe from fires, materials, toxic waste, or other emergencies; monitoring and improving the structures of the buildings in accordance with the law; setting up reserve electricity system; arranging drill plans; annually monitoring fire prevention system; as well as disseminating knowledge and providing training on environmental protection.

On the management of toxic materials and waste, during the past year the Company checked the registration of its waste-disposal company to prevent complaints on pollution and impacts on the environment; provided a smoking area for



employees and customers to prevent pollution and at the same time honor the rights of others; provided sufficient parking space for employees, customers, etc; as well as improving its wastewater treatment so that it is more efficient and gives safe and clean water back to the community.

Anti-Malfeasance and Anti-Corruption

The Company has set up the principles of business ethics, such as ethics on the conflicts of interest, ethics on confidentiality and use of inside information, and ethics on giving or accepting gifts, assets, or other benefits. All employees are forbidden to give or offer any object or benefit to outsiders such as agents and business partners to induce them to act or not to act on what is unlawful or malfeasant toward the position of those particular persons or to exchange for incentives that they should not get. Employees are forbidden to seek or accept any object or benefit for themselves or others to induce them to act or not to act on what is unlawful (Details of Corporate Governance Policies can be downloaded at www.aikchol.com under Investor Relations).

Ensuring the Implementation

1. It is considered the duties and responsibilities of directors, executives, and employees to acknowledge, understand, and strictly implement the corporate governance policy.

2. All supervisors must ensure that their employees strictly adhere to the corporate governance policy.

3. All supervisors must serve as an example in the adherence to the corporate governance policy and promote the work environment for the employees and relevant persons so that they may understand that such adherence is the right thing and must be strictly obeyed. They cannot claim that they are unaware of the implementation defined by the corporate governance policy.

4. If there is a problem concerning the implementation or the interpretation of the corporate governance policy as follows:

4.1 In the case of a director or an executive, the Audit Committee has the authority of consideration.

4.2 In the case of an employee, the Executive Board has the authority of consideration and the consideration is final.



Whistle-Blowing or Complaint-Making

To ensure equitable treatment and fairness to all stakeholders on the basis of corporate governance, the Company provides channels for whistle-blowing, complaint-making, opinions, or recommendations showing that the stakeholders are affected or risk being affected, or that all stakeholders face damage by the operation of the Company or the Company's employees on unlawful, unethical, or malfeasant acts, inequitable treatment, or careless and imprudent act.

Employees have the duty and responsibility to whistle-blow or make complaint when they find unlawful or unethical acts, as well as incorrect financial reports, or a flawed internal control system.

Anyone who witnesses an unlawful or unethical act can inquire or send complaint to the following persons:

- Supervisor
- Head of Human Resources Department
- Company Secretary
- Chairman of the Executive Board
- Member of the Audit Committee
- Member of the Board of Directors

Or E-mail address: cg@aikchol.com

Anyone who reports, makes complaint, or cooperates in a fact-finding investigation will be protected as follows:

- The person who reports, makes complaint, or cooperates can choose not to reveal himself if the revelation may be unsafe or cause damage. But if he/she reveals himself/herself, the Company can report the facts or alleviate the damage in a more convenient and timely manner.
- The Company considers relevant information confidential, to be disclosed when necessary, taking into account the safety and damage of the person who reports, the source of the information, or relevant persons.
- In case the person who makes the complaint feels he/she is unsafe or may face problems, he/she can request the Company to provide suitable protection measures, or the Company may determine protection measures without being requested if the situation tends to be problematic or unsafe.



Section 4 Disclosure of Information and Transparency

Report of Compensation paid to the Directors and Share Possessions of the Directors and Executives

Information on the compensation paid to the directors and executives will be disclosed in the annual information disclosure form (Form 56-1), the annual report form (Form 56-2), and at the Company's website.

Directors and executives must report their shareholding to SEC each time there is a purchase, sale, or transfer of such shares under Article 59 of the Securities and Exchange Act.

Report of the Company's Information

The Board of Directors or those assigned by the Board must disclose sufficient, reliable, and timely financial and non-financial information so that shareholders and stakeholders may receive the information on an equitable basis as stipulated by law and the Company's regulations. The Company completely, regularly, and timely updates the information on the website to ensure that the shareholders have access to information for additional consideration and can contact the agency responsible for providing the information with convenience, timeliness, and efficiency. The channels to report the information are as follows:

1. Electronics system of SET and SEC
2. Annual information disclosure form (Form 56-1) and annual report form (Form 56-2)
3. The Company's website at www.aikchol.com
4. Dispatch of the AGM notices by mail.

The Company discloses its material financial or non-financial information with accuracy, completeness, timeliness, transparency, and in compliance with SEC's and SET's regulations.

To date, the Company was not reproached by SEC or SET that it had disclosed incomplete information or had not aligned with regulations.

The Company prepares a report of responsibility of the directors on the financial statements in the annual report, counter-signed by the Chairman of the Board and Chairman of the Executive Board (Details on page 69)

The Board of Directors ensures that the disclosure of the Company's financial or non-financial information is complete, accurate, reliable, regular, and timely, strictly aligned with business-related laws and SET's and SEC's regulations.

The Company has numerous channels to communicate with shareholders and investors, whether as stipulated by the law such as Form 56-1, annual report, SET website, and other channels such as the disclosure of the information via the Company's website under the topic Investor Relations, which is regularly updated.

The Company has set up a share registration department to facilitate and communicate with investors, institutions, shareholders, as well as analysts and the relevant



public sector. Investors may contact the Company for additional information at Tel. 0-3893-9999 ext. 1126 or at Website: www.aikchol.com or at e-mail address: ir@aikchol.com

Section 5 Responsibilities of the Board

The Chairman of the Board and the Chairman of the Executive Board have different and separate duties and responsibilities, and are not the same person. The Chairman of the Board is elected by the directors. He chairs meetings, ensures that the Board meetings proceed by the order of the agenda, encourages all directors to participate in the meetings such as questioning or making remarks, giving advice and making recommendations to executives, supports business operation, and does not interfere in the management of the Company. The Chairman of the Executive Board manages the operation of the Company and ensures that it complies with regulations, resolutions of the meetings of the shareholders, resolutions of the meetings of the Board of Directors, the Company's policy, and business operating plans and relevant laws. Moreover, the Board has four independent directors, creating balance of power and monitoring of the management.

Structure of the Board of Directors

Composition and Appointment of the Board of Directors

The shareholders approve the appointment of the Board of Directors. One shareholder has one vote per share held.

1. The Board consists of at least six directors and no more than 11 directors. At least half of the directors are to reside in the Kingdom of Thailand, and the directors must be qualified by law.

2. The appointment of the directors must comply with the regulations of the Company and relevant laws, based on transparency and clarity. Consideration must take into account the educational background and professional experience with sufficient details to facilitate the decision of the Board of Directors and the shareholders.

At present, the Board of Directors consists of ten directors, that is, three executive directors, three non-executive directors, and four independent directors (40 percent or no less than one-third of all the directors).

Qualifications of the Board of Directors

1. The directors must have knowledge, ability, honesty, integrity, and ethics in business operation and must devote sufficient time, knowledge, ability to perform their work.

2. The directors are forbidden to operate business, enter into partnerships, or take up directorship in another juristic company with the same nature and in competition with the business of the Company, except for prior notice given to the meeting of the



shareholders before they pass the resolution of appointment. The directors must notify the Company without delay if they are involved in contracts made by the Company or hold shares or increased/reduced debentures in the Company or subsidiaries.

3. The directors are duly qualified and do not have forbidden characteristics defined by the Public Limited Companies Act and the securities and exchange laws.

4. The independent directors have the qualifications in compliance with SET's and SEC's regulations as follows:

4.1 Hold up to 1 percent of the voting shares of the Company, subsidiaries, associates, or persons who could pose conflicts of interest (including the shares held by connected parties under Article 258 of the Securities and Exchange Act).

4.2 Are not or have not been involved in the management, as wage earners, employees, advisors on the payroll of the Company, or those who have control over the Company, holding company, subsidiaries, associates, sister companies, major shareholders, or those with control over the Company for at least two years before the appointment.

4.3 Are not persons of blood relation or legal registration as father, mother, spouse, sibling, and children, including the spouse of the children and of the executives, major shareholders, persons who have control, or those who are recommended as executives, or the persons who have control over the Company or subsidiaries.

4.4 Do not have or have not had business relation with the Company, holding company, subsidiaries, associates, or juristic persons who could pose conflicts of interest that may hamper the independent exercise of discretion; are not or have not been major shareholders, directors who are not independent directors, or executives of those who have business relation with the Company, or juristic persons who could pose conflicts of interest for at least two years before the appointment.

4.5 Are not or have not been the auditor of the Company, holding company, subsidiaries, associates, or juristic persons who could pose conflicts of interest, and are not major shareholders, directors who are not independent directors, executives, or managing partners of the auditing office that the auditor of the Company or the juristic persons who could pose conflicts of interest are attached to for at least two years before the date of appointment.

4.6 Are not or have not been professional advisors, whether legal or financial, with consulting fees of more than two million baht a year from the Company, holding company, subsidiaries, associates, or juristic persons who could pose conflicts of interest. If the professional advisors are juristic persons, this should include major shareholders, directors who are not independent directors, executives, or managing partners of the professional advisors for at least two years before the date of appointment.



4.7 Are not appointed as the representatives of the Company's directors, major shareholders, or shareholders who are connected with the Company's major shareholders.

4.8 Do not have any characteristics that hinder the ability to express freely the views on the operation of the Company.

5. The directors must be screened by the Nomination and Remuneration Committee.

Compensation paid to the Directors and Executives

At present, the Company determines fair compensation paid to the directors and the executives at the same level as peer industries and considers linkage between performance and responsibilities of the directors and the executives, as well as the performance of the Company and the benefit to the shareholders. The details of compensation paid to the directors and the executives in 2013 appear in the annual report 2013 under Management Structure, page 18.

Performance Assessment of the Board of Directors in 2013

The Board of Directors undertakes annual self-assessment by assessing the performance on an individual basis and compiles the assessment to review performance, problems, and obstacles during the past year to increase efficiency and effectiveness of the work of the Board and improve relations between the directors and the management.

The assessment of the performance of the Board of Directors in 2013 revealed the performance at 87.87 percent, considered "good".

The Company submitted the assessment outcomes to the meeting of the Board of Directors No. 282 on December 18, 2013, to increase the joint support of the directors.

Orientation of Newly-Appointed Directors

The Company arranges sessions on the orientation and introduction of its business operation to newly-appointed directors and encourages them to attend training programs organized by the Thai Institute of Directors (IOD) so as to develop, support, and promote the performance of their duties.

Development of the Directors and Executives

The Company promotes and supports the training and knowledge dissemination to directors, executives, Company Secretary, etc., to constantly improve their performance. The Board of Directors attends seminars organized by relevant agencies such as IOD and SET to develop and increase skills and therefore efficiency in the performance of the duties as directors.



In 2013, the following directors attended IOD courses as follows:

1. Dr. Krisada Banchuin M.D.
 - 1.1 Audit Committee and Continuing Development Program (ACP)
 - 1.2 Monitoring Fraud Risk Management (MFM)
 - 1.3 Monitoring the System of Internal Control and Risk Management (MIR)
 - 1.4 Monitoring the Internal Audit Function (MIA)
 - 1.5 Monitoring the Quality of Financial Reporting (MFR)
2. Ms. Oranuj Vanich
 - 2.1 Financial Statements for Directors (FSD)

Meetings of the Board of Directors

1. The Board of Directors schedules its meetings every two months, with extraordinary sessions when deemed necessary. The agenda is clearly set in advance with the agenda item on the regular follow-up of operation outcomes. The Company Secretary mails the meeting notices with the agenda and accompanying documents seven days ahead of the meeting date to allow the directors sufficient study of the documents before the meeting. Each meeting generally takes 3-4 hours. In 2013, the Board held 7 meetings.

In the meeting to consider the performance of executive directors, the policy is for the assessed director or relevant person to leave the meeting so as to allow free discussions on management and transparent and neutral consideration of the performance of the assessed director. In 2013, there was one such meeting (No. 282/2013).

In the meeting of the Board of Directors, there is a regular agenda on the consideration of performance and salaries of the Managing Director of Medicine and the Managing Director of Administration on the completion of one-year term. In 2013, there were three such meetings (No. 277/2013, 280/2013, and 282/2013) with the set criteria of performance consideration.

2. The Audit Committee holds a monthly meeting. In case of emergency, extraordinary sessions can be arranged. Since 2007, with the opening of Aikchol Hospital 2, the monthly meeting takes two days, one day at the Aikchol Hospital and another at Aikchol Hospital 2 for closer operation follow-up. The meeting notices with accompanying documents are mailed in the same way as those of the Board of Directors. In 2013, the Committee held 24 such meetings.

3. The Nomination and Remuneration Committee convenes when it wishes to nominate a director or an executive. The Chairman will ask the Secretary to mail meeting notices with accompanying documents in the same way as those of the Board of Directors. In 2013, the Committee held four such meetings.



4. The Executive Board holds meetings two times a month in every other week. The meeting notices with accompanying documents are mailed in the same way as those of the Board of Directors. In 2013, the Executive Board held 22 such meetings.

At each committee meeting, the minutes of the meeting are in written form, properly filed, and easy to find. The contents of the minutes of the meeting cannot be changed without approval of the meeting of each committee. It is also ready for inspection by the directors or relevant persons.

Meeting Attendance of the Directors in 2013

| Name | Meeting attendance / all meetings (time) | | | |
|-------------------------------------|------------------------------------------|-----------------|---------------------------------------|-----------------|
| | Board of Directors | Audit Committee | Nomination and Remuneration Committee | Executive Board |
| 1. Mr. Apirag Vanich | 7/7 | | | |
| 2. Mr. Vichai Dhepchalerm | 7/7 | 24/24 | 3/4 | |
| 3. Mrs. Phortchana Manoch | 7/7 | | | 22/22 |
| 4. Dr. Sucha Nimmannit M.D. | 7/7 | | | 22/22 |
| 5. Dr. Krisada Banchuin M.D. | 7/7 | 24/24 | 4/4 | |
| 6. Mr. Sirichai Manoch | 7/7 | | | 18/22 |
| 7. Mrs. Kanchana Chitrudiamphai | 6/7 | | | |
| 8. Second Lieutenant Kittit Toranin | 7/7 | 24/24 | 4/4 | |
| 9. Prof. Dr. Sawaek Weerakiet M.D. | 6/7 | 2/24 | 4/4 | |
| 10. Ms. Oranuj Vanich | 7/7 | | | |

Terms of the Committees

The Board of Directors sets the terms of directorship by the Public Limited Companies Act and the Company's regulations.

At present, the Company has three committees, namely the Audit Committee, the Nomination and Remuneration Committee, and the Executive Board with the following terms:

- | | |
|------------------------------------------|-----------|
| 1. Audit Committee | two years |
| 2. Nomination and Remuneration Committee | two years |
| 3. Executive Board | one year. |

The Company clearly segregates the roles, duties, and responsibilities of the Board of Directors, the Audit Committee, and the Nomination and Remuneration Committee.

The Board of Directors appoints the committees by defining the qualifications, scopes of duties, and responsibilities. Most committee members are independent directors, with an independent director serving as the chairman. An exception is that



the Executive Board does not have independent directors as members since it is not aligned with the qualifications of the Audit Committee under SET's regulations.

The Company discloses the directorship in other companies of each director in the profile of directors on pages 23-28. No director serves more than five listed companies. The Company values an efficient internal control system at the management and the operation levels. Therefore, the Board of Directors has defined a written charter of the Audit Committee as clear operation guidelines. The charter will be aligned with good corporate governance and SET's regulations on the qualifications and scope of work of the Audit Committee.

The Company has set up the Internal Audit Department ("Internal Audit") to ensure that its main operation and major financial activities are aligned with the defined direction with efficiency; ensure compliance with the laws and the Company's regulations; allow employees in Internal Audit to perform their duties with independence, with the ability to fully check and balance. The Audit Committee has therefore set up a charter of Internal Audit that all employees understand the objectives, scope, duties, and responsibilities of Internal Audit within the organization. It also sees that Internal Audit submits the report of the monitoring to the Audit Committee and the Chairman of the Executive Board.

The Board appointed Ms. Taweeporn Kaewsailert as the head of Internal Audit. The Audit Committee considered her qualifications suitable as the head of Internal Audit and agreed that she can perform her work with efficiency. The appointment, removal, transfer, or employment termination of the head of Internal Audit must be approved by the Audit Committee under its charter, as announced on June 19, 2013.

Valuing risk systems in the Hospital, the Company appointed a Risk Management Committee for Aikchol Hospital and Aikchol Hospital 2, with the following duties:

1. Define a risk management policy in line with the Hospital's quality development plan.
2. Prepare major guidelines or regulations to prevent/rectify risks in the Hospital.
3. Coordinate and acknowledge risk information from departments and other risk programs
4. Follow up and assess the performance of the Hospital's risk management system.
5. Submit an overview of various risks, including problems/recommendations of risk prevention to the leaders of the Hospital.
6. Compile and analyze risk trends of each type and report them to the Hospital's Executive Board or relevant agency for action
7. Prepare visit plans of various departments concerning risks.
8. Follow up and analyze risk information at various levels in the organization so as to prevent and prepare qualitative control plans.



Management Succession and Development Plans

To ensure steady business operation and the achievement of Aikchol's mission, the company has formulated succession plans for department deputy directors and higher. To this end, Aikchol has specified Board-approved written conditions and procedures for the preparation of competent, suitable personnel for these executive positions.



Corporate Social Responsibilities (CSR)

Corporate Policies

AHC has formulated the following strategies for 2012 to 2015 to become the Eastern Region's top-quality hospitals by 2014 and fulfill its missions of providing integrated healthcare services with standard quality; focusing on quality development of complicated medical treatment through the application of modern technology and equipment by expert physicians; providing cordial services by competent personnel; and continuous quality improvement.

1. Patient safety & better clinical outcome

Enhance clinical performance and expand services to include more specialized fields of medical care with international standards of quality and safety.

2. High potential & high performance

Develop human resource system to ensure that staffs in all level are knowledgeable and skillful in performing their duties, while fostering employee engagement and satisfaction.

3. Excellent service behavior

Ensure customer satisfaction to enhance market expansion opportunities by acquiring new customers while maintaining existing ones.

Environmental Responsibility Plans

AHC's strict social and environmental responsibility policy requires that, before it discharge into public water bodies, all waste water must be properly treated. It closely monitors the quality of treated waste water and constantly sent samples for analysis by certified external agencies.

AHC no longer uses burning to dispose of infectious and other hospital waste because the resultant smoke and smell might disturb neighboring communities and surroundings.

At present, infectious and hazardous waste is isolated from general waste and delivered to a hazardous-waste disposal company, equipped with a hygienic infectious waste incinerator that meets public health standards.

Public Service Activities

Training Project on Cardiopulmonary Resuscitation (CPR)

Recognizing the escalating numbers of post-emergency deaths, disabilities, or complications, AHC organized training for private-sector organizations and volunteers on basic CPR techniques. Trainees were provided with proper knowledge, skills, and techniques by AHC's teams of physicians and nurses.



Aikchol Blood Bank Project

Recognizing the nationwide shortage of blood supply for patients with critical needs, AHC has collaborated with Thai Red Cross Society's Third National Blood Centre (Cholburi) on encouraging blood donation among its staff for distribution to hospitals in Cholburi and nearby provinces.

Maternal Healthcare Seminar

We are convinced that a baby's health depends on its mother's physical and mental preparedness, AHC focuses on providing healthcare knowledge for pregnant women by organizing a seminar for them and their spouses on the topics of 'Breastfed Children are Smarter', 'Preparation for Breastfeeding Mothers', 'Breast Massage to Increase Milk Production in Post-partum Mothers', and 'Exercises for Pregnant Mothers'. The seminar accompanied training on ways to fold diapers and breastfeeding postures while carrying baby, among others.

Mother & Care Hospital Project

This educational project was jointly organized by AHC to strengthen knowledge and Mother & Care Magazine on allergic symptoms.

Healthcare Seminars

To promote health awareness and healthy lifestyles, AHC organized a public seminar on "Healthy Lifestyles".

Dissemination of Knowledge

AHC's resource persons provided practical healthcare knowledge for daily life at public and other settings, such as elementary-school classes.

Scholarships for Nursing Students

To promote the development of nursing personnel and to ease nurse shortage, by granting scholarships to nursing students of public universities.

Scholarships for Needy Students

Recognizing that youths are the future driving force, AHC participated in the granting of scholarships for needy students with good academic records.



Old Desktop Calendars for Braille Cards Project

To foster staff's empathy toward the blinds, AHC encouraged them to donate old desktop calendars for Braille card production. The resulting waste reduction also contributed to global warming mitigation.

Donation of Old Books Project

Believing that education is crucial for Thai youths and libraries are a crucial part of educational sources, AHC encouraged its staff to donate their old books for libraries, which also fostered the spirit of sharing among staff.

Health Counseling Service

AHC offered this service for interested people to learn to keep themselves to health awareness, proper lifestyle in order and to stay healthy and fit.

AHC's Joyful Children Day Event 2013

Activities included a special lecture by a pediatrician, mother-and-child competition games, and exercises for 7-9-month-old babies, with prizes for children.

Relief Support for Flood Victims

The previous year's floods in Prachinburi province caused hardship for many people who suffered from shortage of food, medicine, and basic medical supplies. Therefore, AHC along with various agencies donated rice, dried food, medicines, and basic medical supplies to flood victims at Tambon Bang Decha, Amphoe Muang, Prachinburi Province.

National Nurses Day Donation

As part of the National Nurses Day activities, AHC donated clothes, dried food, medicines, and consumables to flood victims at Tambon Phanom Sarakham, Amphoe Phanom Sarakham, and Chachoengsao Province.

Aikchol 2 Hospital's Good Health for Youths Activities

In promoting Thai youths' health and quality of life, the hospital organized lectures for them under the topics of 'Proper Nutrition for Youths', 'Childhood-to-Adolescent Transition', and 'Dangers of Narcotics'. During the activities, the hospital also distributed household medicines to participants and handed over monetary support to many schools.



Business Operations and Report Preparation

Report Preparation Process

This report has been prepared under the guidelines of CSRI (Corporate Social Responsibility Institute), SET.

Policy Compliance Practices

In taking full responsibility for its customers through the development of quality medical treatment systems, AHC conducts training for its personnel to strictly comply with the Declaration of Patients' Rights (B.E. 2541), which underscores respect for human rights. As part of the Ministry of Public Health's regulations, every medical care provider is required to explicitly post this declaration to inform patrons and its staff on patients' rights.

Declaration of Patients' Rights (B.E. 2541, 1998)

1. All patients are entitled to receive health services as legally enacted in the Thai Constitution B.E. 2540.
2. Patients are entitled to receive full medical services from their medical practitioners regardless of status, race, nationality, religious belief, social standing, political affiliation, gender, age, or the nature of illness.
3. Patients who seek medical services are entitled to receive their complete current information to thoroughly understand their illnesses from their medical practitioners. Furthermore, patients can either voluntarily consent to or refuse treatment from medical practitioners except in emergencies or life-threatening situations.
4. Patients at risk, in critical conditions, or near death are entitled for urgent, immediate relief from their medical practitioners as necessary, regardless of whether they request assistance.
5. Patients are entitled to know the names-surnames and the specialties of the practitioners under whose care they are in.
6. Patients can request a second opinion from other medical practitioners in other specialties not involved in their immediate care, and to change the place of medical service or treatment as requested by patients without prejudice.
7. Patients are entitled to expect their personal information to be kept confidential by their medical practitioners, the only exception being in cases with their consent or due to legal obligation.
8. Patients are entitled to demand complete current information about their roles in the research and the risks involved, so as to decide to participate in or withdraw from the medical research being carried out by their health care providers.



9. Patients are entitled to know or demand full current information about their medical treatment as shown in their medical records. Such information obtained, however, must not infringe others' rights.

10. The parents or legal representatives may exercise their rights for children under the age of 18 or those physically or mentally handicapped who could not exercise their own rights.

Relationships with Stakeholders

Committed to becoming an efficient company with responsibility for stakeholders in both business and personal aspects, AHC has set forth the following guidelines for its directors, executives, and staff:

1. Shareholders

AHC's directors, executives, and staff must manage the company's business to achieve progress and safety along with appropriate returns on shareholders' investment; perform duties and make decisions honestly, competently, and prudently for stakeholders' benefit, with fair treatment of both major and minor shareholders; apply knowledge, experience, expertise, and utmost management skills in the handling of all cases; and report the Company's performance to all shareholders equitably, completely, and accurately. Moreover, they must avoid using any inside information of the Company for the benefit of themselves or related persons, unlawfully disclosing AHC'S confidential information, or getting involved in conflicts of interest with AHC.

2. Customers

AHC is committed to creating satisfaction and confidence for customers by providing excellent service quality; applying safe and appropriate technologies; continually upgrading service standards; completely and accurately disclosing service-related information in a timely manner; maintaining cordial and sustainable relationships; organizing service systems providing access channels for customers' complaints with speedy follow-up responses; and constantly protecting customers' confidential information without using them for own benefit or the benefit of related persons.

3. Business Partners

AHC strictly, transparently, and equitably observes all contractual obligations with business partners. It also prohibits all dishonest dealings with business partners, either by requesting, accepting, or offering any benefit. If AHC cannot comply with any agreed terms, it will inform business partners in advance to jointly find a reasonable solution.



4. Competitors

AHC treats its competitors fairly and equitably, based on reasonable benefit for both parties. It prohibits dishonest or inappropriate actions to either gain confidential information from competitors or damage their reputation.

5. Creditors

AHC strictly, transparently, and equitably observes all contractual obligations with creditors. It honestly, accurately, and regularly reports its financial standing to creditors in a timely manner. If it cannot comply with any agreed terms, AHC will inform and negotiate with creditors in advance to jointly find a solution and prevent damage.

6. Employees

AHC promotes ethical conduct among employees and focuses on developing knowledge and competence in their respective field of duties. It provides fair, proper, and equitable treatment of employees based on their knowledge, competence, responsibility, and performance, whether in compensation, job assignment, appointment, job transfer, rewarding or punishing, or promoting their understanding of professional ethics and duties to ensure proper behavior throughout the Company. Strictly adhering to employee-related laws and regulations, with workplace management to ensure the safety of their lives, health, physical wellbeing, and properties, AHC avoids taking unjust actions affecting employees' security in performing their duties. Recommendations from all employees are equally accepted to encourage their participation in specifying work directions and solving the problems of their respective sections and the company at large.

7. Communities, Society and the Environment

AHC neither undertakes actions causing greater impacts on natural resources and the environment than legally allowed, nor supports socially detrimental or immoral activities. The Company commits itself to involvement in community and social activities, such as energy and natural resources conservation for future generations; fostering social and environmental awareness among its staff; and cooperating with authorities to ensure strict legal and regulatory compliance. For any occurrence of community and environmental damage caused by its operation, the Company will take prompt remedial actions and fully cooperate with government officers and relevant agencies.

Socially Responsible Business Operations

AHC conducts its business under SET's CSR guidelines as follows:

1. Fair business conduct
2. Anti-corruption
3. Respect for human rights



4. Fair treatment of workers
5. Responsibility for consumers
6. Environmental preservation
7. Participation in community or social development
8. Innovation and distribution of innovation attained from the operation of business with responsibility for society, the environment, and stakeholders.

Connected Transactions

Connected Transactions

In 2012, the Company had no connected transactions/ related transactions according to the regulations of the Securities and Exchange Commission and the regulations of the Stock Exchange of Thailand.

Measures and Procedures in Approving Connected Transactions

The Company has measures and procedures in approving connected transactions according to the regulations of the Securities and Exchange Commission and the regulations of the Stock Exchange of Thailand. Any connected transaction must be approved by the Board of Directors of the Company and/or the Shareholders' Meeting, as the case may be.

Policy and Trend of Future Connected Transactions

The Company has strictly complied with the regulations of the Securities and Exchange Commission and the regulations of the Stock Exchange of Thailand and has operated with transparency according to the Good Corporate Governance of the company.



Management Discussion and Analysis (MD&A)

AHC's business comprises two hospitals: Aikchol Hospital, providing medical services for general patients, and Aikchol 2 Hospital, catering to both general patients and patients covered by the Social Security Scheme. Both hospitals' customers mostly reside or work in Chonburi and nearby provinces.

Performance

Sales and Service Revenues

This year both hospitals' medical service revenues rose by 8.4% from Baht 1,264.01 million in 2012 to Baht 1,370.61 million. Revenue from general patients increased by Baht 66.84 million or 6.8%, with a slight change in the ratio of revenue from general patients to Social Security Scheme patients from 78:22 in the previous year to 77:23.

Below are the details of each hospital's revenue:

- (1) Aikchol Hospital's medical service revenue rose by 6.2% to Baht 899.21 million from Baht 847.04 million in 2012, which mainly resulted from a 2.2% increase in general outpatients. The hospital's average bed occupancy rate was 68%.
- (2) Aikchol 2 Hospital's medical service revenue rose by 13.1% to Baht 471.40 million from Baht 416.97 million in the previous year, due to a 13.2% increase in general out patients, along with Baht 38.84 million growth in the revenue from the Social Security Scheme. The latter resulted from the growth in scheme members from 137,333 in 2012 to 148,515 as of the end of this year, which exceeded the scheme's allocation of 130,000 members by 8.1%.

Other Incomes

Compared to 2012, AHC's other incomes rose by 5.9% or Baht 1.39 million this year, Baht 1.37 million of which was derived from short-term investments in government securities money market mutual funds with high liquidity and foreign fixed income mutual fund.

Costs of Medical Services and Administrative Expenses

Both hospitals' costs of medical service and administrative expenses rose to Baht 1,158.20 million this year, or 8.9% increase from 2012, with a very slight increase from 82.6% to 83% in proportion to revenue, due to AHC's effective control. The Government's Baht-300 minimum wage policy contributed partly to the increase in staff expenses, while the higher number of patients naturally affected the variable costs of



medicines, medical supplies and physicians' fees. Revenues from general patients and significant growth in Social Security Scheme membership enabled the company to improve its operational and personnel management. As part of its cost-saving policy, AHC promoted staff's awareness in reducing elevator usage, switching off air-conditioners and lights during lunch breaks, and recycling system used, and so on.

Interest Expenses

This year AHC had neither interest expenses nor outstanding loans.

Income Tax

AHC's corporate income tax fell by 9.3% or Baht 4.79 million this year, partly due to its tax rate reduction from 23% to 20%.

Net Profit

This year AHC's net profit is of Baht 190.50 million. The figure has increased by 10.3% or Baht 17.73 million from last year. The gross margin shows slightly difference from year 2012 of 23.5% to year 2013 of 23.2%. AHC's basic earnings per share increased from Baht 1.15 to Baht 1.27.

Total Comprehensive Income

AHC's total comprehensive income for the year rose by 1.40% from 2012 to Baht 2.66 million due to an increase in the appraised fair value of BGH (Bangkok Dusit Medical Services Public Company Limited) shares, as of December 31, 2013.

Financial Position

Assets

Below is the key information of AHC's assets as of December 31, 2013:

- Cash and cash equivalents increased by Baht 38.16 million from 2012 to Baht 266.08 million this year as a result of AHC's net cash flows.
- AHC invested Baht 50.32 million in a three-month fixed-income foreign investment mutual fund at a 3.25% coupon rate, with maturity in February 2014.
- Accounts receivable rose by Baht 4.27 million from 2012 to Baht 58.46 million, collection time of only 15 days. The current accounts receivable was within credit term of Baht 48.50 million or increased Baht 3.09 million from prior year. And all comprised good quality debtors: government agencies, contracted companies, life and non-life insurance companies, while most general patients paid in cash. In conforming to accounting standards, AHC undertakes quarterly reviews of its reserve amount for doubtful debts and bad debts.



- Long-term investment in BGH (Bangkok Dusit Medical Services Public Company Limited) shares at a cost of Baht 2.20 million, with an appraised fair value of Baht 78.33 million as of December 31, 2013, resulting in an unrealized gain of Baht 60.91 million or 2,768.5% of the invested amount.
- Inventories went up by Baht 0.15 million to Baht 31.23 million this year, comprising Baht 0.39 million of medicines and medical supplies, while consumables decreased by Baht 0.23 million. AHC had no need to set aside provision for obsolete in inventories because of short turnover periods, which averaged only 11 days.
- All fixed assets, including medical equipment and facility renovation, reparation, and expansion, together with the depreciation based on their estimated economic value, were recorded under generally accepted accounting principles. AHC invested total of Baht 67.02 million in fixed assets this year. The majority was the setting up of its Catheterization Laboratory center in an amount of Baht 40 million. To support this operation, AHC has purchase assorted medical equipment, including cardiac catheterization equipment and echocardiographs, as well as renovated and redecorated the service facilities.

Liabilities and Sources of Fund

Capital Structure

AHC's Baht 754.96 million of net fixed assets, comprising land, buildings and equipment, was financed by shareholders' equity, a long-term financial source which totaled Baht 1,125.92 million. With its normal operating expenses fully covered by cash flows, AHC also deposited enough cash in bank accounts to finance its continual investment plan.

Liabilities

AHC had neither short-term nor long-term loans, while most of its liabilities were trade accounts payable that the company consistently settled within their credit terms. Recorded under new accounting standards, AHC's non-current liabilities comprise Baht 26.94 million of provision for compensation on employees' retirement and Baht 15.23 million of deferred tax expense.

AHC's fixed deposit was pledged as collateral for the letters of guarantee required by the Provincial Electricity Authority and the Social Security Office. With credit lines totaling Baht 13.06 million, the letters of guarantee were issued by a commercial bank.



Shareholders' Equity

AHC's debt-to-equity ratio decreased 0.18 time from prior year to 0.16 time in year 2013, due to early repayment of long-term loans since 2011, unrealized gain from long-term investment, and successive increases in retained earnings.

Liquidity

Cash Flows

As of December 31, 2013, AHC had Baht 266.08 million in cash balance deposited in banks.

The amount adequately covered the repayment of trade accounts payable within due dates, corporate income tax, dividend payments, and so on. Besides having no need to seek additional loan, parts of AHC's cash were allocated for investment in medical equipment and renovation of service facilities in line with the company's business focus of providing efficient and advance medical care for an increasing number of patients.

Liquidity Ratio

AHC's liquidity ratio increased from 2.50 in 2012 to 3.25 at the end of this year, due to more cash flows from the company's activities, while its current liabilities remained close to last year's level.

Potential Threats to AHC's Future Operation and Financial Position

Since AHC is strategically located in Chonburi's industrial zone, AHC's customers are mostly middle-income employees of factories in eastern provinces. Industrial growth in the area, along with continual migration of people, keeps expanding the company's customer base and business, as well as intensifying future competition. Large private hospitals started entering the market, while public hospitals also upgrade their services by opening specialty and after-hours clinics. With more medical care alternatives available for AHC's target customers, this recent development poses a major threat for Aikchol Hospital.

Heavy reliance on the public sector in developing medical personnel is a major threat for Thailand's hospital business. To retain competent personnel and avert staff shortage, AHC had to compete with other business operators and cannot avoid consequent increases in its operating costs.

Amid today's economic circumstances, those with Social Security privileges tend to exercise such privileges first, thus loading AHC's hospitals with an increasing number of patients and an increasing cost burden. Besides the higher costs of medicines, medical supplies, and public utilities, AHC's operating costs are affected by the government's Baht-300 minimum wage policy, which forced both hospitals to adjust all staff's salary rates to retain competent personnel. While Aikchol 2 Hospital's future operation is threatened by the fixed allowance rate of medical service under the Social



Security Scheme, referral costs of patients to supra-contractor hospitals, and the rising number of patients covered by the scheme due to economic situation, which may not align with the hospital's servicing cost.

Internal Control and Risk Management

At the 282nd Board of Directors meeting, held on December 18, 2013, the Board assessed the internal control system based on the assessment form for system adequacy, with all members of the Audit Committee in attendance. Assessment in the following areas was reviewed: organization and environment, risk management, management operation control, information and communication, and monitoring and evaluation.

1. Organization and Environment:

AHC commands a clear vision, missions, and values to drive itself toward sustainable growth and establish performance excellence. Its goals, short-term and long-term strategic plans were clearly set, with employee compensation made proportional to the ability to achieve goals. In addition, its organizational structure was appropriately defined, with a scope, authority, and responsibility spelled out in each subcommittee's charter. Standard operating procedures are also in place to lend its business strict control and prevention of abuse of its properties. Thanks to these characteristics, AHC is equipped with a sound organizational structure and environment, which are key foundations for an effective internal control system.

2. Risk Management:

AHC regularly assessed all risk factors (internal and external) facing organizational management. For both hospitals

1. a risk management committee defined a risk management policy in line with the quality development plans
2. defined practical guidelines or key requirements to prevent/resolve risks, coordinate, and acknowledge risk data from units and other risk programs
3. displayed an overview of all applicable programs' key risks; monitored and assessed risk management outcomes; compiled and analyzed the trend of each risk and reported to the Executive Board or relevant units to manage, monitor,
4. Analyze various corporate risks to prevent and plan qualitative control. This move was undertaken in tandem with the HA quality development efforts, continually monitored by the Healthcare Accreditation Institute (Public Organization). In short, AHC commands adequately effective risk management to lower business risks to manageable levels.



3. Management Operation Control:

In its manual on the scope and approval authority, AHC defined the scope, authority and levels of approval, and approval authority limits of the management. Also, in its manual of business ethics, it established clear regulations and procedures for conflicts of interest facing all directors, executives, and employees. A report on management operation outcomes was reported to the Board every two months.

4. Information and Communication System:

AHC instituted an adequate information system together with security controls of information access to patients' confidential information under the Declaration of Patients' Rights. In place was a user-friendly data collection system. In addition, efficient communication channels inside and outside the company were instituted.

5. Monitoring and Evaluation:

For operating freedom, AHC's appointed internal audit unit reported directly to the Audit Committee. The unit inspected, assessed, and monitored operation for efficient, effective, and economical achievement of AHC's objectives before reporting to the Audit Committee every two weeks.

In view of these findings, the Board's opinion is that AHC commands an adequately sound internal control system for engagement in transactions with the major shareholders, directors, executives, or those related to these people. (Please refer to the assessment form concerning control of management operation.) The Board also considers AHC's measures adequate for other topics of internal controls.

The Board appointed Miss Taweeporn Kaewsailert as the head of the internal audit section.

The Audit Committee's view about her qualifications is that Miss Kaewsailert is both suitable and efficient as head of the internal audit section. Under the charter of the Audit Committee, dated June 19, 2013, appointment, removal, transfer, and dismissal of the head of the internal audit section must have the prior approval of the Audit Committee.



Report of the Audit Committee

The Board of Directors of Aikchol Hospital Plc appointed the current Audit Committee, consisting of the following independent directors:

- | | | | |
|----|-----------------|-------------|---------------------------------|
| 1. | Mr.Vichai | Dhepchalerm | Chairman of the Audit Committee |
| 2. | Sec.Lieut.Kitti | Toranin | Audit Committee Member |
| 3. | Dr.Krisada | Banchuin | Audit Committee Member |
| 4. | Prof.Dr.Sawaek | Weerakiet | Audit Committee Member |

Serving as secretary to the committee is Mr.Sirichai Manoch.

This year the committee held 12 meetings at Aikchol Hospital and another 12 at Aikchol 2 Hospital to undertake their duties specified by the scope and Board-assigned responsibilities, in line with SET's regulations and SEC's applicable announcement.

Based on this year's performance, the committee's opinions are as follows:

1. AHC commands accurate, complete, and reliable financial reports
2. AHC commands an adequate internal control system
3. AHC complies with SEC's legislation, SET's regulations, or laws applicable to its business
4. AHC's external auditor is suitable, experienced, and independent
5. In place is accurate and complete information disclosure of connected transactions or those with potential conflicts of interest
6. Based on its Board-assigned tasks, the committee's composition, qualifications, and job performance under its scope and responsibilities indeed align with its charter.

This year, in line with the current circumstances, the Board approved the Audit Committee's amended charter for announcement on June 19. The committee had approved the amended charter of the internal audit department on June 1.

7. The committee advocates corporate governance practices that allow shareholders and employees to file complaints as whistleblowers on matters concerning complaints or dubious financial reports or the internal control system. These may be filed directly to the committee and executives as specified in AHC's code of conduct or e-mail at cg@aikchol.com.

The Audit Committee has nominated an external auditor for 2014 and set its fee for the Board's endorsement and forwarding to the annual general meeting of shareholders 2014: auditors attached to Thamniti Audit Co., Ltd., at a fee of 850,000 baht.

On behalf of the Audit Committee

(Mr.Vichai Dhepchalerm)
Chairman of the Audit Committee
January 27, 2014



Report of the Board of Directors' Responsibility for Financial Statements

The Board of Directors of Aikchol Hospital Public Company Limited is responsible for the financial statements of the hospital and the financial information shown in the annual report. The financial statements were prepared in accordance with generally accepted accounting standards in Thailand, constantly using and following appropriate accounting policies, carefully making the estimations and adequately disclosing the important information in the notes to the finance statements.

The Board of Directors established and maintained an effective internal financial control system to ensure correct, complete and sufficient accounting record for maintaining the assets. This is also to find out weak points in order to prevent cheating and significant abnormalities in operation.

The Board of Directors has appointed the Audit Committee consisting of non-executive directors as a party to be responsible for the quality of financial report and the internal financial control system. The opinion of the Audit Committee on this issue was shown in the report of the Audit Committee in the annual report.

According to such management structure and internal control system and the result from the authorized accounting auditor, the Board of Directors believes that the financial statement of Aikchol Hospital Public Company Limited as of December 31, 2013 have correctly reported financial status, operational result, and cash flow in significant details as per the generally certified accounting standard.

(Mr. Apirag Vanich)
Chairman of the Board

(Mrs. Phortchana Manoch)
Chairman of Executive Board



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013



Report of the Auditor

To The Shareholders and Board of Directors of
Aikchol Hospital Public Company Limited

I have audited the accompanying financial statements of Aikchol Hospital Public Company Limited, which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aikchol Hospital Public Company Limited as at December 31, 2013, and the financial performance and its cash flows for the year then ended in accordance with the Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 3 to the financial statements. In presenting the financial information for the year ended December 31, 2013, the Company has adopted new financial reporting standards issued by the Federation of Accounting Professions (FAP) which are effective from the period beginning on or after January 1, 2013. The effect of changing in accounting policy has been described in Note 4 to the financial statements. The comparative information presented herewith has been restated on this matter. My opinion is not qualified in respect of this matter.

(Mr. Pojana Asvasontichai)
Certified Public Accountant
Registration No. 4891

Dharmniti Auditing Company Limited
Bangkok, Thailand
February 11, 2014
2014/069/0380



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

| | | <u>ASSETS</u> | | |
|------------------------------------|-------|----------------------|----------------------|----------------------|
| | | Baht | | |
| | | As at December | As at December | As at January |
| | | 31, 2013 | 31, 2012 | 1, 2012 |
| | Note | | (Restated) | (Restated) |
| Current assets | | | | |
| Cash and cash equivalents | 8 | 266,079,421 | 227,916,863 | 123,167,675 |
| Current investments | 9 | 50,315,000 | - | - |
| Trade receivable | 10 | 58,462,447 | 54,191,797 | 45,792,080 |
| Accrued income | | 35,220,987 | 31,041,100 | 30,171,304 |
| Inventories | 11 | 31,233,666 | 31,078,746 | 32,441,763 |
| Other current assets | | 3,486,706 | 2,693,087 | 2,545,000 |
| Total current assets | | 444,798,227 | 346,921,593 | 234,117,822 |
| Non-current assets | | | | |
| Fixed deposit pledge as collateral | | 14,424,000 | 12,340,000 | 12,188,000 |
| Long-term investment | 9, 30 | 78,333,255 | 75,666,591 | 54,166,612 |
| Property, plant and equipment | 12 | 754,963,381 | 738,891,012 | 716,514,510 |
| Intangible assets | 13 | 6,770,626 | 8,656,572 | 9,012,696 |
| Deferred tax assets | 4, 14 | 5,643,741 | 5,496,201 | 5,090,684 |
| Other non-current assets | | 52,050 | 52,050 | 52,050 |
| Total non-current assets | | 860,187,053 | 841,102,426 | 797,024,552 |
| Total assets | | 1,304,985,280 | 1,188,024,019 | 1,031,142,374 |

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



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2013

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | Baht | | |
|--------------------------------------|-------|-------------------------------|---------------------------------------------|----------------------------------------|
| | | As at December 31, 2013 | As at December 31, 2012 (Restated) | As at January 1, 2012 (Restated) |
| | Note | | | |
| Current liabilities | | | | |
| Trade accounts payable | | 61,673,219 | 61,538,793 | 61,871,033 |
| Other payable | | 2,400,263 | 3,904,614 | 4,844,034 |
| Accrued expenses | | 45,104,409 | 42,684,165 | 35,340,324 |
| Accrued income tax expenses | | 20,039,105 | 22,753,326 | 26,168,258 |
| Other current liabilities | 16 | 7,687,511 | 8,067,997 | 6,891,585 |
| Total current liabilities | | 136,904,507 | 138,948,895 | 135,115,234 |
| Non-current liabilities | | | | |
| Employee benefits obligation | 17 | 26,935,370 | 26,363,657 | 23,992,379 |
| Deferred tax liabilities | 4, 14 | 15,226,652 | 14,693,319 | 10,393,323 |
| Total non-current liabilities | | 42,162,022 | 41,056,976 | 34,385,702 |
| Total liabilities | | 179,066,529 | 180,005,871 | 169,500,936 |

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



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2013

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

| | Baht | | |
|---------------------------------------------------|----------------------|----------------------|----------------------|
| | As at December | As at December | As at January |
| | 31, 2013 | 31, 2012 | 1, 2012 |
| Note | | (Restated) | (Restated) |
| Shareholders' equity | | | |
| Share capital | | | |
| Authorised share capital | | | |
| 150,000,000 ordinary shares of Baht 1 each | 150,000,000 | | |
| 125,000,000 ordinary shares of Baht 1 each | | 125,000,000 | 125,000,000 |
| Issued and paid-up share capital | | | |
| 149,909,264 ordinary shares of Baht 1 each | 149,909,264 | | |
| 125,000,000 ordinary shares of Baht 1 each | | 125,000,000 | 125,000,000 |
| Share premium | 74,000,000 | 74,000,000 | 74,000,000 |
| Retained earnings | | | |
| Appropriated to legal reserve | 12,500,000 | 12,500,000 | 12,500,000 |
| Unappropriated | 828,602,880 | 737,744,872 | 608,568,145 |
| Other components of equity | | | |
| Unrealised gain on long-term investments | 60,906,607 | 58,773,276 | 41,573,293 |
| Total shareholders' equity | 1,125,918,751 | 1,008,018,148 | 861,641,438 |
| Total liabilities and shareholders' equity | 1,304,985,280 | 1,188,024,019 | 1,031,142,374 |

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



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

| | Note | Baht | |
|--------------------------------------------------|------|----------------------|----------------------|
| | | 2013 | 2012 (Restated) |
| Revenues | | | |
| Medical service income | | 1,370,615,101 | 1,264,007,500 |
| Other income | 20 | 24,851,604 | 23,460,738 |
| Total revenues | | 1,395,466,705 | 1,287,468,238 |
| Expenses | | | |
| Cost of medical services | | 1,052,365,838 | 967,015,037 |
| Administrative expenses | | 81,142,776 | 73,345,284 |
| Directors and management's remuneration | 23 | 24,693,850 | 23,190,000 |
| Total expenses | | 1,158,202,464 | 1,063,550,321 |
| Profit before income tax expenses | | 237,264,241 | 223,917,917 |
| Income tax expenses | 24 | 46,769,145 | 51,149,964 |
| Profit for the year | | 190,495,096 | 172,767,953 |
| Other comprehensive income | | | |
| Gain from long-term investments | | 2,133,331 | 17,199,983 |
| Other comprehensive income for the year | | 2,133,331 | 17,199,983 |
| Total comprehensive income for the year | | 192,628,427 | 189,967,936 |
| Basic earnings per share (Baht per share) | 27 | 1.27 | 1.15 |

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



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

Baht (restated)

| | Note | Issued and | | Share | | Retained earnings | | Other components equity | | Total |
|------------------------------------------------------------------------|--------|--------------------|-------------------|---------|---|-------------------------------|--------------------|-------------------------------------------|----------------------|-------|
| | | paid-up | share capital | premium | | Appropriated to legal reserve | Unappropriated | Unrealised gain from long-term investment | shareholders' equity | |
| Beginning balance as at January 1, 2013, as previously reported | | 125,000,000 | 74,000,000 | | | 12,500,000 | 732,248,671 | 73,466,595 | 1,017,215,266 | |
| Adjustment | | | | | | | | | | |
| Accumulative effect of change in accounting policy - income tax | | - | - | - | - | - | 5,496,201 | (14,693,319) | (9,197,118) | |
| Beginning balance as at January 1, 2013, as restated | | 125,000,000 | 74,000,000 | | | 12,500,000 | 737,744,872 | 58,773,276 | 1,008,018,148 | |
| Additional issued and paid - up share capital from stock dividend | 25, 26 | 24,909,264 | - | - | - | - | - | - | 24,909,264 | |
| Dividend | 26 | - | - | - | - | - | (99,637,088) | - | (99,637,088) | |
| Total comprehensive income for the year | | - | - | - | - | - | 190,495,096 | 2,133,331 | 192,628,427 | |
| Balance at December 31, 2013 | | 149,909,264 | 74,000,000 | | | 12,500,000 | 828,602,880 | 60,906,607 | 1,125,918,751 | |
| Beginning balance as at January 1, 2012 as previously reported | | 125,000,000 | 74,000,000 | | | 12,500,000 | 603,477,461 | 51,966,616 | 866,944,077 | |
| Adjustment | | | | | | | | | | |
| Accumulative effect of change in accounting policy - income tax | | - | - | - | - | - | 5,090,684 | (10,393,323) | (5,302,639) | |
| Beginning balance as at January 1, 2012, as restated | | 125,000,000 | 74,000,000 | | | 12,500,000 | 608,568,145 | 41,573,293 | 861,641,438 | |
| Dividend | | - | - | - | - | - | (43,591,226) | - | (43,591,226) | |
| Total comprehensive income for the year | | - | - | - | - | - | 172,767,953 | 17,199,983 | 189,967,936 | |
| Balance at December 31, 2012 | | 125,000,000 | 74,000,000 | | | 12,500,000 | 737,744,872 | 58,773,276 | 1,008,018,148 | |

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

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED****STATEMENTS OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2013**

| | Baht | |
|----------------------------------------------------------|--------------------|--------------------|
| | 2013 | 2012 |
| | | (Restated) |
| Cash flows from operating activities | | |
| Profit for the year | 190,495,096 | 172,767,953 |
| Adjustments for | | |
| Depreciation and amortisation | 51,511,602 | 48,700,899 |
| Interest income | (4,421,930) | (3,050,297) |
| Bad debt written off and allowance for doubtful accounts | 308,361 | 172,408 |
| (Gain) loss on sale of fixed assets | 205,145 | (1,164,193) |
| Loss on assets written off | 921,552 | 449,439 |
| Dividend income | (1,199,999) | (733,333) |
| Employee benefits obligation cost | 5,123,283 | 4,549,078 |
| Income tax | 46,769,145 | 51,149,964 |
| | 289,712,255 | 272,841,918 |
| Changes in operating assets and liabilities | | |
| Trade accounts receivable | (4,579,011) | (8,572,125) |
| Accrued income | (4,424,177) | (871,372) |
| Inventories | (154,919) | 1,363,017 |
| Other current assets | (793,619) | (148,087) |
| Trade accounts payable | 134,426 | (332,240) |
| Accrued expenses | 2,420,244 | 7,343,841 |
| Other current liabilities | (380,485) | 1,176,412 |
| Employee benefits abigation | (4,551,570) | (2,177,800) |
| Cash flows received operating activities | 277,383,144 | 270,623,564 |
| Income tax paid | (49,630,905) | (54,970,413) |
| Net cash provided by operating activities | 227,752,239 | 215,653,151 |

Notes to financial statements form an intergral part of these statements.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2013

| | Baht | |
|--------------------------------------------------|----------------------|---------------------|
| | 2013 | 2012 |
| | | (Restated) |
| Cash flows from investing activities | | |
| Interest received | 4,351,219 | 3,051,873 |
| Dividend received | 1,199,999 | 733,333 |
| Current investments | (50,000,000) | - |
| Fixed deposit pledge as collateral | (2,084,000) | (152,000) |
| Purchase of land, plant and equipment | (68,529,024) | (70,685,507) |
| Purchase of intangible assets | - | (1,474,835) |
| Sale of equipment | 199,949 | 1,214,399 |
| Net cash used in investing activities | (114,861,857) | (67,312,737) |
| Cash flows from financing activities | | |
| Dividends paid | (74,727,824) | (43,591,226) |
| Net cash used in financing activities | (74,727,824) | (43,591,226) |
| Net increase in cash and cash equivalents | 38,162,558 | 104,749,188 |
| Cash and cash equivalents at beginning of year | 227,916,863 | 123,167,675 |
| Cash and cash equivalents at end of year | 266,079,421 | 227,916,863 |

Supplementary disclosure for cash flows information :-

Supplementary non - monetary item

| | | |
|----------------|------------|---|
| Stock dividend | 24,909,264 | - |
|----------------|------------|---|

Notes to financial statements form an intergral part of these statements.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. GENERAL INFORMATION

Aikchol Hospital Public Company Limited, "the Company", is incorporated in Thailand. A registered office is at 68/3 Moo 2, Phrayasatja Road, Amphoe Muang, Cholburi and a branch is at 31/2 Moo 3, Tambol Samed, Amphoe Muang, Cholburi. The Company operates in Cholburi Province. And it is well known in medical and nursing care services under the trademark namely, "Aikchol Hospital".

The Company was listed on the Stock Exchange of Thailand on January 10, 1992.

The principal activities of the Company are providing full hospital services including diseases protection, medical treatment, health strengthening and health rehabilitation services with 362 beds in service.

2. BASIS OF PREPARATION

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

The financial statements are prepared in accordance with Thai Accounting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards for Publicly Accountable Entities. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, regarding the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

The financial statements are presented in Thai Baht, unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Accordingly, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2013

3. ACCOUNTING STANDARDS EFFECTIVE FOR USING IN CURRENT YEAR

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of the revised 2009, and the new issued of accounting standards financial reporting standards, the interpretations and accounting treatment guidance of which they are effective for using in the periods beginning on or after January 1, 2013, as follows.

| | |
|-----------------------------------------------------------------|---------------------------------------------------------------------------|
| TAS 12 | Income Taxes |
| TAS 20 (revised 2009) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (revised 2009) | The Effects of Changes in Foreign Exchange Rates |
| TFRS 8 | Operating Segments |
| SIC 10 | Government Assistance - No Specific Relation to Operating Activities |
| SIC 21 | Income Taxes - Recovery of Revalued Non-Depreciable Assets |
| SIC 25 | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders |
| Accounting Treatment Guidance for Transfers of Financial Assets | |

The management of the Company believes that these accounting standards do not have any significant impact on the financial statements for the year when they are initially applied, except for TAS 12 Income Taxes that the Company has used at the effective date and have the effects of changes in the Company's accounting policies as disclosed in note 4; Effect of changes in accounting policies.

4. EFFECT OF CHANGES IN ACCOUNTING POLICIES DUE TO APPLICATION OF NEW ACCOUNTING STANDARDS

From January 1, 2013, the Company has used of TAS 12 Income Taxes. This accounting standard requires an entity to identify temporary differences arising from differences between the carrying amount of an asset or liability in the statement of financial position and its tax base in order to recognize the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria.

The Company has used this accounting policy in this current year and restated the prior year's financial statements, presented for comparative purposes, as though the Company had initially recognized the tax effects as deferred tax assets or liabilities. The change in accounting policies has been the effects are as follows:



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2013

| | Baht | | |
|-------------------------------------------|----------------------------|----------------------------|--------------------------|
| | As at December 31, 2013 | As at December 31, 2012 | As at January 1, 2012 |
| Statements of financial position | | | |
| Deferred tax assets | 5,643,741 | 5,496,201 | 5,090,684 |
| Deferred tax liabilities | 15,226,652 | 14,693,319 | 10,393,323 |
| Retained earnings increase | 5,643,741 | 5,496,201 | 5,090,684 |
| Other components of shareholders' equity | | | |
| Unrealised gain from long-term investment | (15,226,652) | (14,693,319) | (10,393,323) |

| | Baht | |
|-----------------------------------------------------------|------------------------------------|-----------|
| | For the year ended December 31, | |
| | 2013 | 2012 |
| Statements of comprehensive income | | |
| Profit or loss : | | |
| Income taxes increase (decrease) | (147,540) | (405,517) |
| Net profit increase (decrease) | 147,540 | 405,517 |
| Basic earnings per share increase (decrease) (Baht/share) | 0.00 | 0.00 |
| Other Comprehensive income : | | |
| Gains from long-term investment | 533,333 | 4,299,996 |

5. THE NEW AND REVISED ACCOUNTING STANDARDS BUT ARE NOT YET EFFECTIVE

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the new and revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards.

These new and revised accounting standards which are effective for the fiscal year beginning on or after January 1, 2014 are as follows:

| | |
|-----------------------|--------------------------------------|
| TAS 1 (revised 2012) | Presentation of Financial Statements |
| TAS 7 (revised 2012) | Statement of Cash Flows |
| TAS 12 (revised 2012) | Income Taxes |
| TAS 17 (revised 2012) | Leases |



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2013

| | |
|-----------------------|-----------------------------------------------------------------------------------------------------|
| TAS 18 (revised 2012) | Revenue |
| TAS 19 (revised 2012) | Employee Benefits |
| TAS 21 (revised 2012) | The Effects of Changes in Foreign Exchange Rate |
| TAS 24 (revised 2012) | Related Party Disclosures |
| TAS 28 (revised 2012) | Investments in Associates |
| TAS 31 (revised 2012) | Interests in Joint Venture |
| TAS 34 (revised 2012) | Interim Financial Reporting |
| TAS 38 (revised 2012) | Intangible assets |
| TFRS 2 (revised 2012) | Share-based Payment |
| TFRS 3 (revised 2012) | Business Combinations |
| TFRS 5 (revised 2012) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 8 (revised 2012) | Operating Segments |
| TFRIC 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRIC 4 | Determining whether an Arrangement contains a Lease |
| TFRIC 5 | Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| TFRIC 7 | Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics |
| TFRIC 10 | Interim Financial Reporting and Impairment |
| TFRIC 12 | Service Concession Arrangements |
| TFRIC 13 | Customer Loyalty Programmes |
| TFRIC 17 | Distributions of Non-cash Assets to Owners |
| TFRIC 18 | Transfers of Assets from Customers |
| TSIC 15 | Operating Leases - Incentives |
| TSIC 27 | Evaluating the Substance of Transactions in the Legal Form of a Lease |
| TSIC 29 | Service Concession Arrangements: Disclosure |
| TSIC 32 | Intangible Assets - Web Site Costs |

The new accounting standard which is effective for the fiscal year beginning on or after January 1, 2016 is as follows:

| | |
|--------|---------------------|
| TFRS 4 | Insurance Contracts |
|--------|---------------------|

The management of the Company is evaluating the impact of these new and revised accounting standards when they are initially applied.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2013

6. SIGNIFICANT ACCOUNTING POLICIES

6.1 Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, savings accounts and current accounts and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statement of cash flows.

6.2 Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts (if any).

The allowance for doubtful accounts is estimated losses are based on a percentage of outstanding receivables classified by aging of accounts receivable. Assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

6.3 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

6.4 Investment

Investment in equity security in a marketable equity security is classified as being available-for-sale and is stated at fair value, with any resultant gain or loss being recognised directly in equity, and recorded as gains as losses in the statement of comprehensive income when the securities are sold.

The fair value of security available for sale is determined as the quoted bid price at the statement of financial position date.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2013

6.5 Property, plant and equipment

Property at cost, plant and equipment are stated at cost less accumulated depreciation.

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:-

| | |
|-------------------------------------|---------------|
| Buildings and building improvements | 10 - 50 Years |
| Medical equipment | 10 Years |
| Furniture and fixtures | 5 - 10 Years |
| Office equipment | 5 - 10 Years |
| Vehicles | 8 - 10 Years |

The Company has reviewed the residual value and useful life of the assets on a regular basis.

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

Property, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

6.6 Intangible asset

Computer software with finite useful lives are stated at cost less accumulated amortization and allowance on impairment (if any).

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the period for which the Computer software are expected to generate economic benefit from 5 to 10 years

6.7 Impairment

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2013

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of comprehensive income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognised in the statement of comprehensive income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of comprehensive income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income.

6.8 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

6.9 Provision

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

6.10 Employee benefits

Short-term employment benefits

The Company recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognized as expenses when incurred.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2013

Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in profit or loss.

6.11 Revenue

Revenue from medical service is exempt from value added taxes and is arrived at after deduction of trade discounts.

Revenues from medical service

Revenues from medical service, mainly consisted of medicine and medical supplies, patient room service charge, medical profession charge and other service are recognised as income when the services are delivered, base on an accrual basic.

Revenues from social security is recognised on an accrual basic.

Revenues from food and beverage

Revenues from food and beverage is recognised when delivered, base on an accrual basic.

Interest and dividend income

Interest income is recognised in the statement of comprehensive income as it accrues. Dividend income is recognised in the statement of comprehensive income on the date the Company's right to receive payments established. In the case of quoted securities is usually the ex-dividend date.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2013

Others income

Others income is recognised on an accrual basis.

6.12 Expense

Expenses are recognised on an accrual basis.

6.13 Operating lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under an operating lease are recognized as expense on a straight-line basis over the lease term.

6.14 Income tax

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date and applicable to the reporting period, and any adjustment to tax payable in respect of previous years. (See note 24)

7. SEASONAL OPERATION

The company's business is not affected significantly by seasonal or cyclical factor during the year.

8. CASH AND CASH EQUIVALENTS

Consisted of :-

| | Baht | |
|------------------------------------------------------|--------------------|--------------------|
| | 2013 | 2012 |
| Cash on hand | 7,025,023 | 5,502,854 |
| Cash at bank - savings accounts and current accounts | 140,173,188 | 89,070,598 |
| Fixed deposits | 100,000 | 2,392,142 |
| Short-term investment | 118,781,210 | 130,951,269 |
| Total | 266,079,421 | 227,916,863 |



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
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Cash at bank-savings interest at the floating rates at 0.50 - 0.75% and fixed deposits interest are set by the bank at the rates of 1.550 - 1.875%.

Short-term investment is investment in government securities money market mutual funds with high liquidity. Investment units are stated at fair value.

9. INVESTMENTS

Consisted of :-

| | Baht | |
|-------------------------------------------|-------------------|-------------------|
| | 2013 | 2012 |
| Current investment | | |
| Mutual fund - Foreign fixed income | 50,315,000 | - |
| Total | 50,315,000 | - |
| Fixed deposit pledge as collateral | | |
| Fixed deposit pledge as collateral | 14,424,000 | 12,340,000 |
| Total | 14,424,000 | 12,340,000 |
| Long-term investment | | |
| Equity security available for sale | 78,333,255 | 75,666,591 |
| Total | 78,333,255 | 75,666,591 |

As at December 31, 2013, the Company invests in Mutual fund - Foreign fixed income which has a term of 3 months. Investment units are stated at fair value.

As at December 31, 2013 and 2012, fixed deposits in the amount of Baht 14.42 million and 12.34 million, has interest rate at 3.25% per annum and 1.75% per annum, respectively, are pledged as collateral for the letters of guarantee issued by a commercial bank.

Equity security available for sale consisted of:-

| | Holding of interest (%) | | Million Baht | | | |
|------------------------------------------------------|----------------------------|------|--------------|-----------------|--------------|-----------------|
| | 2013 | 2012 | 2013 | | 2012 | |
| | | | Cost | Market value | Cost | Market value |
| Bangkok Dusit Medical Services Plc. | 0.06 | 0.06 | 2.20 | 78.33 | 2.20 | 75.67 |
| Add unrealised gain from reevaluation of security | | | 76.13 | | 73.47 | |
| Total | | | 78.33 | | 75.67 | |



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10. TRADE ACCOUNTS RECEIVABLE

Consisted of :-

| | Baht | |
|---------------------------------------------|-------------------|-------------------|
| | 2013 | 2012 |
| Within credit terms | 48,502,049 | 45,408,814 |
| Overdue: | | |
| Less than 3 months | 5,609,831 | 5,754,328 |
| 3-6 months | 3,952,541 | 2,761,132 |
| 6-12 months | 1,101,295 | 681,476 |
| Over 12 months | 580,064 | 703,397 |
| | 59,745,780 | 55,309,147 |
| <u>Less</u> allowance for doubtful accounts | (1,283,333) | (1,117,350) |
| Net | 58,462,447 | 54,191,797 |

The normal credit term granted by the Company ranges from 30 days to 120 days.

During the year 2013 and 2012, the Company reversed and wrote bad debts off in the amount of Baht 0.14 million and Baht 0.02 million, respectively. The Company has considerate that they will not able to collect the money from all those receivable accounts.

11. INVENTORIES

Consisted of :-

| | Baht | |
|-------------------------------|-------------------|-------------------|
| | 2013 | 2012 |
| Medicine and medical supplies | 25,931,420 | 25,546,578 |
| Supplies | 5,302,246 | 5,532,168 |
| Total | 31,233,666 | 31,078,746 |



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DECEMBER 31, 2013

12. PROPERTY, PLANT AND EQUIPMENT

Consisted of :-

| | Baht | | | | |
|--------------------------------------------|--------------------------------------------|------------|-------------------------------|--------------|--------------------------------------------|
| | Balance per book as at Dec. 31, 2012 | Additions | Transfer in (Transfer out) | Deductions | Balance per book as at Dec. 31, 2013 |
| <u>Cost</u> | | | | | |
| Land | 88,160,300 | - | - | - | 88,160,300 |
| Buildings and building improvement | 756,855,857 | 471,850 | 16,511,230 | (1,332,956) | 772,505,981 |
| Medical equipment | 197,634,064 | 23,720,974 | 18,889,000 | (8,749,668) | 231,494,370 |
| Furniture and fixture | 52,362,782 | 1,196,455 | 47,246 | (605,464) | 53,001,019 |
| Office equipment | 53,719,583 | 3,781,365 | 583,949 | (2,094,298) | 55,990,599 |
| Vehicles | 18,219,066 | 973,005 | 174,571 | - | 19,366,642 |
| Assets under construction and installation | 926,393 | 36,881,023 | (36,205,996) | - | 1,601,420 |
| Total | 1,167,878,045 | 67,024,672 | - | (12,782,386) | 1,222,120,331 |
| <u>Less accumulated depreciation</u> | | | | | |
| Buildings and building improvement | 225,734,855 | 24,358,631 | - | (766,881) | 249,326,605 |
| Medical equipment | 119,432,543 | 16,459,064 | - | (8,136,980) | 127,754,627 |
| Furniture and fixture | 36,856,385 | 3,518,760 | - | (595,747) | 39,779,398 |
| Office equipment | 37,688,911 | 3,902,214 | - | (1,956,131) | 39,634,994 |
| Vehicles | 9,274,339 | 1,386,987 | - | - | 10,661,326 |
| Total | 428,987,033 | 49,625,656 | - | (11,455,739) | 467,156,950 |
| Net | 738,891,012 | | | | 754,963,381 |

| | Baht | | | | |
|--------------------------------------------|--------------------------------------------|------------|-------------------------------|--------------|--------------------------------------------|
| | Balance per book as at Dec. 31, 2011 | Additions | Transfer in (Transfer out) | Deductions | Balance per book as at Dec. 31, 2012 |
| <u>Cost</u> | | | | | |
| Land | 60,806,300 | 27,354,000 | - | - | 88,160,300 |
| Buildings and building improvement | 750,769,374 | 700,181 | 5,668,911 | (282,609) | 756,855,857 |
| Medical equipment | 180,261,078 | 24,227,044 | 380,311 | (7,234,369) | 197,634,064 |
| Furniture and fixture | 50,668,646 | 1,755,716 | 55,600 | (117,180) | 52,362,782 |
| Office equipment | 59,868,279 | 2,663,896 | 704,289 | (9,516,881) | 53,719,583 |
| Vehicles | 15,736,098 | 5,055,000 | 1,113,000 | (3,685,032) | 18,219,066 |
| Assets under construction and installation | 858,254 | 7,990,250 | (7,922,111) | - | 926,393 |
| Total | 1,118,968,029 | 69,746,087 | - | (20,836,071) | 1,167,878,045 |
| <u>Less accumulated depreciation</u> | | | | | |
| Buildings and building improvement | 201,890,982 | 23,946,049 | - | (102,176) | 225,734,855 |
| Medical equipment | 112,178,423 | 14,201,610 | 64,481 | (7,011,971) | 119,432,543 |
| Furniture and fixture | 33,621,886 | 3,347,315 | - | (112,816) | 36,856,385 |
| Office equipment | 42,900,604 | 4,277,222 | (64,481) | (9,424,434) | 37,688,911 |
| Vehicles | 11,861,624 | 1,097,745 | - | (3,685,030) | 9,274,339 |
| Total | 402,453,519 | 46,869,941 | - | (20,336,427) | 428,987,033 |
| Net | 716,514,510 | | | | 738,891,012 |



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Depreciation of the plant and equipment for the years ended December 31, 2013 and 2012 which were included in cost of medical services and administrative expenses, consisted of :-

| | Baht | |
|--------------------------|-------------------|-------------------|
| | 2013 | 2012 |
| Cost of medical services | 41,629,966 | 39,291,517 |
| Administrative expenses | 7,995,690 | 7,578,424 |
| Total | 49,625,656 | 46,869,941 |

As at December 31, 2013 and 2012, certain equipment and vehicle items of the Company have been fully depreciated but are still in use of cost in amount of Baht 143.26 million and Baht 116.16 million, respectively.

A portion of land, building and construction in progress, including future construction were pledged as collateral security for the long-term loan and a bank overdraft with a net book value as at December 31, 2013 and 2012 of approximately amounted of Baht 576.49 million and Baht 584.22 million, respectively.

As at December 31, 2013 and 2012, the Company covered All Risks Insurance Policy (ARIP) with an insurer for a total insured value of approximately Baht 1,123.94 million and Baht 1,075.92 million, respectively. The ARIP is renewed on an annual basis and a portion of proceeds from insurance claims under the ARIP.

During the year 2013, the Company invested in buildings and building improvement with its equipment in the total amount of Baht 59.59 million, which was invested in Cardiac Catheterization Department for heart treatment such as Cardiac catheterization fluoroscopy Baht 18.89 million, Echocardiography Baht 3.17 million, decoration and improvement of Cardiac Catheterization Department Baht 11.80 million, other medical equipment such as ultrasound Baht 1.70 million. The Company sold off fixed assets to other persons and disposed many items of fixed assets from its account at the cost of Baht 5.68 million and Baht 7.10 million, respectively. The net book values of them were Baht 0.41 million and Baht 0.92 million, respectively.



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During the year 2012, the Company has entered into purchase of land contracts with a person to buy 582 square wah of land in the amount of Baht 27.35 million where locates at Chonburi province. The land payment of 27.35 million is fully paid on the same date. The ownership of land is also transferred to the Company' name at this date. The purpose of purchasing the land is business expansion in the future. Currently, the land is operated for Aikchol 1 hospital car park and the Company has invested in buildings and building improvement with its equipment in the total amount of Baht 5.67 million such as Boiler of Baht 1.81 million, garage of Baht 2.45 million, invested in medical equipment of Baht 24.25 million such as Digital Mammogram Examination of Baht 9 million. X-Ray C-arm of Baht 5.67 million. Moreover, the Company has purchased vehicle of Baht 5.06 million. The Company sold off fixed asset to other person and disposed many item of fixed asset from its account at the cost of Baht 13.92 million and 6.92 million, respectively, the net book value of them are Baht 0.05 million and 0.45 million, respectively.

13. INTANGIBLE ASSETS

Consisted of :-

| | Baht | | | |
|--------------------------------------|--------------------------------------------|------------------|-------------------------------|--------------------------------------------|
| | Balance per book as at Dec. 31, 2012 | Additions | Transfer in (Transfer out) | Balance per book as at Dec. 31, 2013 |
| <u>Cost</u> | | | | |
| Computer software | 23,555,187 | - | - | 23,555,187 |
| <u>Less accumulated amortization</u> | <u>14,898,615</u> | <u>1,885,946</u> | <u>-</u> | <u>16,784,561</u> |
| Net | <u>8,656,572</u> | | | <u>6,770,626</u> |

| | Baht | | | |
|--------------------------------------|--------------------------------------------|------------------|-------------------------------|--------------------------------------------|
| | Balance per book as at Dec. 31, 2011 | Additions | Transfer in (Transfer out) | Balance per book as at Dec. 31, 2012 |
| <u>Cost</u> | | | | |
| Computer software | 22,092,452 | 1,474,835 | (12,100) | 23,555,187 |
| <u>Less accumulated amortisation</u> | <u>13,079,756</u> | <u>1,830,958</u> | <u>(12,099)</u> | <u>14,898,615</u> |
| Net | <u>9,012,696</u> | | | <u>8,656,572</u> |

Amortisation of intangible assets for the years ended December 31, 2013 and 2012, which were included in cost of medical services and administrative expenses, consisted of :-

| | Baht | |
|--------------------------|-------------------------|-------------------------|
| | 2013 | 2012 |
| Cost of medical services | 1,174,492 | 1,143,453 |
| Administrative expenses | 711,454 | 687,505 |
| Total | <u>1,885,946</u> | <u>1,830,958</u> |



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As at December 31, 2013 and 2012, certain intangible assets items of the Company have been fully amortised but they are still in used of cost in the amount of Baht 6.55 million and Baht 5.70 million, respectively.

14. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and deferred tax liabilities for the year ended December 31, 2013 and 2012 are summarized as follows:

| | Thousand Baht | | |
|---------------------------------------------------------------|---------------|------------------------------------|-------------------------------|
| | Balance as at | Revenue (expenses) during the year | Balance as at |
| | | In profit or loss | In other comprehensive income |
| | Dec. 31, 12 | | Dec. 31, 13 |
| Deferred tax assets: | | | |
| Trade account receivables | 223,470 | 33,197 | - |
| Provisions for employee benefits | 5,272,731 | 114,343 | - |
| Total | 5,496,201 | 147,540 | - |
| Deferred tax liabilities: | | | |
| Unrealized gain on remeasuring available-for-sale Investments | (14,693,319) | - | (533,333) |
| Total | (14,693,319) | - | (533,333) |

| | Thousand Baht | | |
|---------------------------------------------------------------|---------------|------------------------------------|-------------------------------|
| | Balance as at | Revenue (expenses) during the year | Balance as at |
| | | In profit or loss | In other comprehensive income |
| | Dec. 31, 11 | | Dec. 31, 12 |
| Deferred tax assets: | | | |
| Trade account receivables | 226,874 | (3,404) | - |
| Provisions for employee benefits | 4,863,810 | 408,921 | - |
| Total | 5,090,684 | 405,517 | - |
| Deferred tax liabilities: | | | |
| Unrealized gain on remeasuring available-for-sale Investments | (10,393,323) | - | (4,299,996) |
| Total | (10,393,323) | - | (4,299,996) |



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15. TAX EXPENSE (INCOME)

15.1 Major components of tax expense (income)

For the year ended December 31, 2013 and 2012 consisted of:

| | Baht | |
|------------------------------------------------------------------------------------|--------------------------------|------------|
| | For the years end December 31, | |
| | 2013 | 2012 |
| Income tax expense (income) shown in profit or loss : | | |
| Current tax expense: | | |
| Income tax expense for the year | 46,916,685 | 51,555,481 |
| Deferred tax expense (income): | | |
| Changes in temporary differences relating to the original recognition and reversal | (147,540) | (541,478) |
| Revaluation of the deferred tax resulting from changing in tax rates | - | 135,961 |
| Total | 46,769,145 | 51,149,964 |
| Income tax relating to components of other comprehensive income: | | |
| Deferred tax relating to: | | |
| Remeasuring available-for-sale investments | 533,333 | 4,299,996 |
| Total | 533,333 | 4,299,996 |

15.2 A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate

For the year ended December 31, 2013 and 2012 which are summarized as follows:

| | Baht | |
|-------------------------------------------------|--------------------------------|-------------|
| | For the years end December 31, | |
| | 2013 | 2012 |
| Accounting profit (loss) for the year | 237,264,241 | 223,917,917 |
| The applicable tax rate (%) | 20% | 23% |
| Tax expense (income) at the applicable tax rate | 47,452,848 | 51,501,121 |



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2013

| | Baht | |
|-------------------------------------------------------------------------------------|--------------------------------|------------|
| | For the years end December 31, | |
| | 2013 | 2012 |
| Reconciliation items: | | |
| Tax effect of expenses that are not deductible in determining tax profit: | | |
| - Expenses not allowed as expenses in determining taxable profit | 76,400 | 69,797 |
| Tax effect of income or profit that are not required in determining taxable profit: | | |
| Exemption of non - taxable dividend income | (240,000) | (168,666) |
| Other | (520,103) | (388,249) |
| - Revaluation of the deferred tax resulting from changing in Tax rates | - | 135,961 |
| Total reconciliation items | (683,703) | (351,157) |
| Total tax expense (income) | 46,769,145 | 51,149,964 |

Reduction of corporate income tax rate

According to the Royal Decree 530 (B.E. 2554) dated December 14, 2011 issued under the Revenue Code, regarding the reduction of income tax rates, corporate income tax for the year 2012 is calculated by multiplying from tax profits by the rate of 23% of net profits, and for the year 2013 - 2014, onwards by the rate of 20% of net profits.

15.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate

For the year ended December 31, 2013 and 2012 are summarized as follows:

| | Baht | | | |
|----------------------------------------------------------|----------------------|-----------------|----------------------|-----------------|
| | 2013 | | 2012 | |
| | Tax amount (Baht) | Tax rate (%) | Tax amount (Baht) | Tax rate (%) |
| Accounting profit (loss) before tax expense for the year | 237,264,241 | | 223,917,917 | |
| Tax expense (income) at the applicable tax rate | 47,452,848 | 20.00 | 51,501,121 | 23.00 |
| Reconciliation items | (683,703) | (0.29) | (351,157) | (0.16) |
| Tax expense (income) at the average effective tax rate | 46,769,145 | 19.71 | 51,149,964 | 22.84 |



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NOTES TO THE FINANCIAL STATEMENTS (CONT.)
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16. OTHER CURRENT LIABILITIES

Consisted of :-

| | Baht | |
|--------------------------|------------------|------------------|
| | 2013 | 2012 |
| Accrued dividend payment | 596,045 | 476,453 |
| Withholding tax | 1,786,341 | 3,252,870 |
| Advance received | 3,073,594 | 3,171,096 |
| Retention payable | 742,841 | 192,500 |
| Others | 1,488,690 | 975,078 |
| Total | 7,687,511 | 8,067,997 |

17. EMPLOYEE BENEFITS OBLIGATION

The Company adopted TAS 19 Employee Benefits with effect from January 1, 2011 and the effect on the financial statements is disclosed in note 4.

The statements of financial position

| | Baht | |
|-----------------------------------------------|-------------|-------------|
| | 2013 | 2012 |
| For the year ended December 31, 2013 and 2012 | | |
| Defined benefits obligation at January 1, | 26,363,657 | 23,992,379 |
| Benefits paid by the plan | (4,551,570) | (2,177,800) |
| Current service and interest costs | 5,123,283 | 4,549,078 |
| Defined benefits obligation at December 31, | 26,935,370 | 26,363,657 |

Expenses recognised in statements of comprehensive income

| | Baht | |
|-----------------------------------------------|------------------|------------------|
| | 2013 | 2012 |
| For the year ended December 31, 2013 and 2012 | | |
| Current service cost | 4,228,683 | 3,734,946 |
| Interest on obligation | 894,600 | 814,132 |
| Total | 5,123,283 | 4,549,078 |



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Principal actuarial assumptions at the reporting date

| | % |
|------------------------|--------|
| Discount rate | 3.3933 |
| Salary increase rate | 5 |
| Employee turnover rate | 8-23 |
| Disability rate | 5* |

* reference to mortality rate in B.E. 2008

18. RESERVES AND LEGAL RESERVES

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Unrealised gain/loss

Unrealised gain/loss recognised in shareholders' equity relate to cumulative net changes in the fair value of available-for-sale investment.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

19. SEGMENT INFORMATION

The Company has established its business operation in single segment which is hospital business and has single geographical operation in Thailand. Therefore, the valuation basis, revenue information, profit from operation, all assets and liabilities have been shown in the financial statements which are the same as internal report presented to the highest authority persons in the Company's operation.



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Information about major customers

The groups of the Company's major customers include individuals, group of policyholders of the insurance company, group of contract parties' company and group of insured on social security who requires using the hospital service at the package rate from the government sectors.

20. OTHER INCOME

Consisted of :-

| | Baht | |
|---------------------------------------------|-------------------|-------------------|
| | 2013 | 2012 |
| Revenue from sales of food and beverages | 5,010,580 | 4,946,558 |
| Revenue from sharing of kidney hemodialysis | 7,308,600 | 6,429,000 |
| Rental space income | 2,449,346 | 2,568,494 |
| Interest income | 4,421,930 | 3,050,297 |
| Others | 5,661,148 | 6,466,389 |
| Total | 24,851,604 | 23,460,738 |

21. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2013 and 2012 are a follow:-

| | Baht | |
|-----------------------------------------|----------------------|----------------------|
| | 2013 | 2012 |
| Personnel | 410,559,317 | 375,679,119 |
| Doctor fee | 267,006,046 | 243,081,707 |
| Medicine, medical supplies and supplies | 258,534,970 | 240,671,547 |
| Depreciation and amortisation | 51,511,602 | 48,700,899 |
| Others | 170,590,529 | 155,417,049 |
| Total | 1,158,202,464 | 1,063,550,321 |

22. PROVIDENT FUND

The defined contribution plans comprise provident funds established by companies in the Company for their employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates 3% of their basic salaries and by the Company at rates 3% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager. The Company's contributions for the years ended December 31, 2013 and 2012 in the amount of to Baht 3.69 million and Baht 3.30 million, respectively.



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23. DIRECTORS AND MANAGEMENT'S REMUNERATION

Directors and management's remuneration represent the benefits paid to the Company's directors and management such as salaries and related benefit including the benefit paid by other means. The Company's directors and management are the persons who are defined under the Securities and Exchange Act.

Directors of the Company is consisted of board of directors, audit committee and nomination and remuneration committee.

Management of the Company is consisted of executive board, chief medical officer and hospital administrator.

24. INCOME TAX

The Company records income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates (year 2013 : 20%, year 2012 : 23%) of net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

25. SHARE CAPITAL

Year 2013

At The ordinary shareholders' meeting held on April 29, 2013, the shareholders approve the increase of Company's registered capital from Baht 125 million to Baht 150 million by issuing the new 25 million ordinary shares at the par value Baht 1 in order to support the payment of share dividend and has been registered to the Department of Business Development on May 8, 2013.

Year 2012

At the ordinary shareholders' meeting held on April 18, 2012, the shareholders approve the change in the number of shares and par value of the ordinary shares of the Company by increasing the number of shares from 12,500,000 shares to 125,000,000 shares and changing the par value from Baht 10 per share to Baht 1 per share. The Company had already registered with the Department of Business Development on April 30, 2012.



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26. DIVIDENDSYear 2013

According to the General Meeting of the Company's shareholders held on April 29, 2013, the shareholders have the resolution to approve the dividend paid from the Company's operation for the year 2012 which the dividend and the share dividend will be paid on May 29, 2013, the descriptions have been shown as follows:

1. Dividend has been paid in cash at the rate of Baht 0.60 per share.
2. Dividend has been paid as the Company's ordinary shares which are not over 25 million shares at the par value Baht 1 to the shareholders at the ratio of 5 shares to 1 new share totaled not over Baht 25 million or at the dividend paid rate of Baht 0.20 per share. In case the shareholders have the fractions of shares after the allocation, the cash dividend has been paid instead of share dividend at the rate of Baht 0.20 per share.

And the shareholders have the resolution to approve the increase of Company's registered capital from Baht 125 million to Baht 150 million by issuing the new 25 million ordinary shares at the par value Baht 1 in order to support the payment of share dividend and has been registered to the Department of Business Development on May 8, 2013.

Year 2012

At the ordinary shareholders' meeting held on April 18, 2012, the shareholders approve the appropriation of dividend from operating results of 2011 of Baht 3.50 per share, 12.5 million shares, amounting to Baht 43.75 million. The dividend will be proposed to pay to shareholders on May 8, 2012.

27. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year periods by the weighted average number of ordinary shares which are issued and paid-up during the year and adjusted the number of shares for comparison the calculation of previous year earnings per share as if the issuance of stock dividend has been occurred from the starting date of the first period that has been reported.

| | 2013 | 2012 |
|----------------------------------------------------|-------------|-------------|
| Profit for the year (Baht) | 190,495,096 | 172,767,953 |
| Weighted average number of ordinary share (Shares) | 149,909,264 | 149,909,264 |
| Earnings per share (Baht per share) | 1.27 | 1.15 |



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28. CAPITAL MANAGEMENT

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

According to the statement of financial position as at December 31, 2013 and 2012, the Company's debt-to-equity ratio was 0.16 : 1 and 0.18 : 1, respectively.

29. FINANCIAL INSTRUMENTS

29.1 Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

29.2 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates, which may affect the interest earnings and expenses in the present and future years. The Company is primarily exposed to interest rate risk that relates primarily to deposit at Financial institution and short term investments due to changes in interest rates. The Company has no policy to use any derivative financial instruments to reduce this risk.

29.3 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations of the financial condition of its counterparties, to provide a term of payment, and to require partial payment of deposit, or call for collateral as other security. Therefore, it does not expect to incur material losses from debt collection more than the amount already provided in the allowance for doubtful accounts.



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29.4 Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

29.5 Fair value

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

In determining the fair value of its financial assets and liabilities, the Company takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

The carrying amounts on bear interest at market rates financial assets and financial liabilities as presented in the statement of financial position are mostly short-term. The Management believes that the fair value of those financial assets and financial liabilities do not materially differ from their carrying amounts.

30. COMMITMENTS WITH NON-RELATED PARTIES

As at December 31, 2013 and 2012, the Company has commitments as follows :-

| | | Baht | |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| | | 2013 | 2012 |
| 30.1 | Letters of guarantee issued by a commercial bank to the government unit and the state enterprise. | 13,063,000 | 12,340,000 |
| 30.2 | Construction and equipment installation agreements | 5,902,740 | 21,739,717 |
| 30.3 | Operating lease commitments, the company has entered into an agreement in respect of lease of computer and equipment from a company. The term of the agreement is generally 3 years, future minimum rental payable was as follows:- | | |
| | Payable within 1 year | 2,745,153 | 1,531,388 |
| | Payable within 2 to 3 years | 1,314,912 | 1,531,388 |
| | | 4,060,065 | 3,062,776 |



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
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31. LITIGATION

As at December 30, 2005, the Company is claimed by shareholders (plaintiff) of a company that sold land, building and equipment to the Company. If the Company fails to transfer the said assets, the Company has to pay the amount of Baht 500 million. However, two authorized directors (the guarantors) of the seller's Company have entered in to a guarantee contract to be held liable for any damages in the amount of Baht 310 million with an interest rate at 7.5% per annum.

Progress of the Case

Subsequently, the Civil Court has passed judgement dismissing the lawsuit on January 19, 2010. Afterwards, the plaintiff has filed an appeal whereby the Appeal Court has considered and passed a decision confirming the judgement of the Civil Court on April 21, 2011. And on July 25, 2011, the Company filed the request to amend the plaintiff's petition filed with the Supreme Court which the Appeal court judge had dismissed the plaintiff.

As at December 31, 2013, the lawsuit status is still on the process of the request to amend the plaintiff's petition filed.

The managements' has the opinion that the verdict of the Supreme Count will not cause damage to the Company. Then the Company does not consider an allowance for losses that may occur in the financial statement.

32. TO APPROVED THE FINANCIAL STATEMENTS

These financial statements were authorised for issue by Board of Directors of the Company on February 11, 2014.

www.aikchol.com



โรงพยาบาลเอกชล (Aikchol Hospital)

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