



2014 ANNUAL REPORT

รายงานประจำปี 2557



บริษัท โรงพยาบาลเอกชล จำกัด (มหาชน)
Aikchol Hospital Public Company Limited





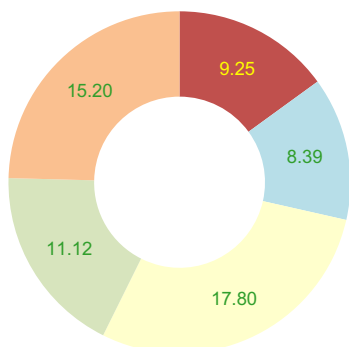
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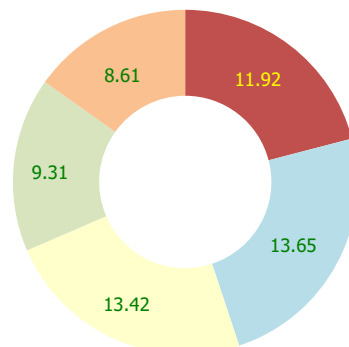
จุดเด่นแห่งปี

Highlights of the Year

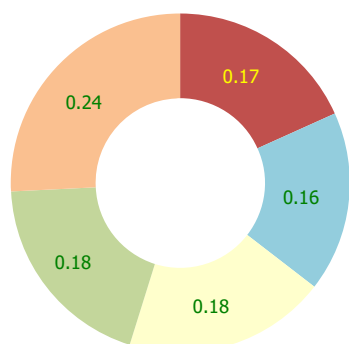
อัตราการเติบโตของรายได้ (%)
Total Revenues Growth Rate (%)



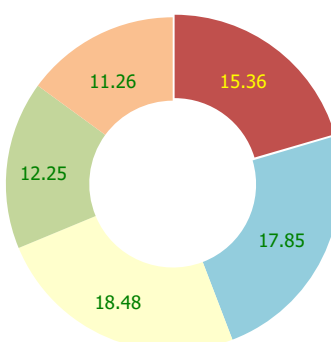
อัตรากำไรสุทธิ (%)
Net Profit Margin (%)



อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น (เท่า)
Debt to Net Worth Ratio (Times)



อัตราผลตอบแทนผู้ถือหุ้น (%)
Return on Equity (%)



ปี (Years)



Message from the Chairman

Dear Shareholders,

In the time of dynamic changes at both the national and regional levels, an organization must be ready to adapt to undergo any time in to survive, while working with prudence and caution to prevent and alleviate any future risks.

The Board of Directors, the Executive Committee, and all employees are committed to work diligently while following ethical management practices, to boost trust and confidence of all patients, patrons, and shareholders. These principles will enhance Aikchol's competitiveness and the Company forwards with stable pace.

In the past year, competition in medical services has increased significantly. The new challenges not only affected the retention but also of existing human resources and the need to develop them for career advancement. Aikchol ensures that its employees have an appropriate work motivation balances for each individuals, together with good health, resulting in higher capabilities and potentials. These qualifications would increase effectiveness and contribute value added for Aikchol' services which would lead to the great satisfaction of all patients and customers.

On behalf of the Aikchol Board, I wish to extend my thanks to all the shareholders and patrons for their trust in the hospital's operation all these years. I also wish to thank the executives, doctors, nurses, medical staff, and employees who have dedicated themselves to Aikchol Hospital's remarkable growth and prosperity. It is my hope that you will continue to contribute to its progress with security and sustainability for the years to come.

(Mr. Apirag Vanich)

Chairman

Aikchol Hospital Public Company Limited



General Information

Company Name	:	Aikchol Hospital Public Company Limited
Registration Number	:	Bor Mor Jor 0107537001064
Type of Business	:	Private Hospital
Registered Capital	:	150 million Baht, Registered Paid-up Capital: 149,909,264 million Baht
Number of common shares	:	149,909,264 shares, 1 Baht per share par value
Location	:	68/3 Moo 2 Phayasatja Road, Ban Suan Sub-district, Muang District, Chon Buri 20000 Telephone 0-3827-3840-7, 0-3893-9999 Facsimile 0-3827-3848 website : www.aikchol.com
Share Registration		
Department	:	Telephone 0-3893-9999 Ext. 1126, Facsimile 0-3827-3848 E-mail : ir@aikchol.com , kullanit@aikchol.com

Other Relevant Information

Listed Date	:	January 10, 1992
Ticker Symbol	:	AHC
Accounting Period	:	January 1 – December 31

References

Share Registrar	:	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building Ratchadaphisek Road, Khlong Toei, Bangkok 10110 Telephone 0-2229-2888, Facsimile 0-2359-1259 website: www.tsd.co.th
Auditor	:	Dharmniti Auditing Company Limited 267/1 Pracharat Sai 1 Road Bang Sue, Bangkok 10800 Telephone 0-2587-8080, Facsimile 0-2586-0301 website: www.dharmniti.co.th
Legal Advisor	:	International Legal Counsellors Thailand Ltd. 18th Floor, Sathorn City Tower 175 South Sathorn Road Bangkok 10120, Thailand Telephone 0-2679-6005, 0-2679-6015 Facsimile 0-2679-6041, 0-2679-6042



Securities and Shareholders' Information

1. Registered Capital and Paid-up Capital

As of December 31, 2014, AHC's registered capital was Baht 150,000,000, with paid-up capital of Baht 149,909,264 comprising 149,909,264 common shares at a par value of Baht 1.

2. Shareholding Structure

The top ten significant shareholders on the latest closing date of the shareholders registration book on September 4, 2014, were:

	Name	No. of shares	%
1	Mr. Apirag Vanich and spouse	18,576,984	12.39%
	Chean Vanit Co., Ltd.	11,200,008	7.47%
	Ms. Phonchada Vanich	1,497,120	1.00%
	Ms. Rojana Vanich	6,026,940	4.02%
	Ms. Aungkana Vanich	5,325,984	3.55%
	Ms. Oranuj Vanich	5,801,016	3.87%
	Total	48,627,036	32.44%
2	Mrs. Tuanjit Kittiwut	9,994,140	6.67%
	Ms. Niyada Kittiwut	3,300	0.00%
	Total	9,997,440	6.67%
3	Mrs. Phortchana Manoch and spouse	4,377,408	2.92%
	Mr. Siriphot Manoch	1,542,396	1.03%
	Mr. Kunaputt Manoch	1,542,384	1.03%
	Mr. Sidthiphot Manoch	1,554,384	1.03%
	Total	9,016,572	6.01%
4	Mr. Pongsak Vittayakorn	6,345,460	4.23%
	Total	6,345,460	4.23%
5	Ms. Nuanchan Ratanakulserirengrit	5,379,996	3.59%
	Total	5,379,996	3.59%
6	Ms. Anchalee Theppabut	4,917,972	3.28%
	Total	4,917,927	3.28%
7	Mr. Narut Chitrudiamphai	4,826,928	3.22%
	Total	4,826,928	3.22%
8	Ms. Ratchanok Koo-kitchakarn	4,341,540	2.90%
	Total	4,341,540	2.90%
9	Dr. Prajuab Khunsongkiet	3,534,760	2.36%
	Total	3,534,760	2.36%
10	Mr. Ruechit Kanjanaphitak	3,505,000	2.34%
	Total	3,505,000	2.34%



Profile of the Board of Director and Executives



Mr. Apirag Vanich

- Chairman of the Board

Age 49

Date of appointment as director April 15, 1991

Education

- MBA, Indiana University, USA
- B.S. Agricultural Economics, Purdue University, USA
- The Role of Chairman (RCM) (2006)
- Directors Certification Program (DCP) (2005)
- Directors Accreditation Program (DAP) (2005)
- Finance for Non-Financial Directors (FN) (2005)
- Leadership Program, Capital Market Academy

Positions held in other listed companies

- Chairman of Univanich Palm Oil Plc.

Other present positions

- Chairman
 - Chean Vanich Co., Ltd.
 - Chean Vanich Transport Co., Ltd.
 - Vanich Pilok Mining Co., Ltd.
 - Vanich Gypsum Co., Ltd.
 - Vanich Lineal Co., Ltd.
 - Phuket Rubber Co., Ltd.
 - Phuket Ngow Hock Co., Ltd.
 - Aik Rock Industry Co., Ltd.

(%) Share Possession 19.86

Family ties among executives

- | | | |
|-------------------|-----------------|---------|
| ▪ Mrs. Phortchana | Manoch | Sibling |
| ▪ Mrs. Kanchana | Chitru diamphai | 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 86

Date of appointment as director February 23, 1994

Education

- Associate Mining Engineer
- Directors Accreditation Program (DAP) (2005)

Other present positions

- Director
 - Vanich Gypsum Co., Ltd.
 - Vanich Pilok Mining Co., Ltd.
 - Phangnga Timber Co., Ltd.
 - Tycoon Andaman Co., Ltd.

(%) Share Possession 0.50



Mrs. Phortchana Manoch

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

Age 60

Date of appointment as director April 27, 1981

Education

- M.S. Hospital Administration, University of Wisconsin, USA
- B.S. Business Administration, University of Wisconsin, USA
- Bachelor of Laws, Dhurakij Pundit University
- Directors Certification Program (DCP) (2002)
- Financial Statements for Directors (FSD) (2011)
- Good Governance for Medical Executives 2012 King Prajadhipok's Institute
- Anti-Corruption for Executive Program (ACEP) (2014)

Positions held in other listed companies

- Director of Univanich Palm Oil Plc

Other present positions

- Director
 - Chean Vanich Co., Ltd.
 - Vanich Lineal Co., Ltd.
 - 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 75

Date of appointment as director February 23, 1994

Education

- Doctor of Medicine, Faculty of Medicine, Siriraj Hospital, Mahidol University
- Diploma in Family Medicine, Medical Council of Thailand
- Directors Accreditation Program (DAP) (2005)

Experience

- Physician, Chon Buri Hospital

(%) **Share Possession** 0.66



Krisada Banchuin M.D.

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

Age 68

Date of appointment as director February 23, 1994

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
- Exequatur in Family Medicine, Medical Council of Thailand
- 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 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



Mr. Sirichai Manoch

- Director
- Executive Director

Age 70

Date of appointment as director February 23, 1994

Education

- Associate Mining Engineer
- Directors Accreditation Program (DAP) (2004)

Other present positions

- Managing Director
 - Krissiri Mining Co., Ltd.
 - Pilok Hill Limited Partnership
 - Preya Mining Limited Partnership

(%) **Share Possession** 2.92

Family ties among executives

- Mrs. Phortchana Manoch Spouse



Mrs. Kanchana Chitrudiamphai

- Director

Age 56

Date of appointment as director February 23, 1994

Education

- B.S. Finance, University of Wisconsin, USA
- B.S. Human & Relationship, University of Wisconsin, USA
- Directors Accreditation Program (DAP) (2005)

Positions held in other listed companies

- Director of Univanich Palm Oil Plc

Other present positions

- Director
 - Chean Vanich Co., Ltd.
 - Chean Vanich Transport Co., Ltd.
 - Vanich Pilok Mining Co., Ltd.
 - Vanich Gypsum Co., Ltd.
 - Vanich Lineal Co., Ltd.
 - Phuket Rubber Co., Ltd.
 - 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 Kittu Toranin

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

Age 81

Date of appointment as director April 29, 1998

Education

- Advanced Diploma in Accounting, Thammasat University
- Directors Accreditation Program (DAP) (2004)

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



Ms. Oranuj Vanich

- Director

Age 51

Date of appointment as director April 11, 2011

Education

- B.S. Marketing, Indiana State University, USA
- Hotel Management Diploma, Hotel Management School, "Les Roches" Switzerland
- Directors Accreditation Program (DAP) (2011)
- Financial Statements for Directors (FSD) (2013)

Other present positions

- Executive Director of Vanich Gypsum Co., Ltd.

(%) **Share Possession** 3.87

Family ties among executives

- Mrs. Phortchana Manoch Sibling
- Mrs. Kanchana Chitruamphai Sibling
- Mr. Apirag Vanich Sibling



Sanit Charkrit M.D.

- Director
- Managing Director of Medicine, Aikchol Hospital

Age 66

Date of appointment as director April 18, 2014

Education

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

Experience

- Director
 - Chiang Kham Hospital, Phayao Province
 - Phrae Hospital, Phrae Province

(%) **Share Possession** None



Associate Professor Doctor Atirek Chivabongs M.D.

- Director
- Independent Director
- Member of the Audit Committee

Age 77

Date of appointment as director October 15, 2014

Education

- Associate Degree of Medical Science, Chulalongkorn University
- Doctor of Medicine, University of Medical Science
- Advanced Diploma in Clinical Science, Major in Surgery at University of Medical Science
- Ph.D. Cum Laude, University of Cologne (Dr.med.,c.l.), Federal of Germany
- Diploma, Facharzt Fuer Orthopaedie of Germany
- Diploma, Sportarct
- Diploma, Orthopedic
- Bachelor of Laws, Sukhothai Thammathirat Open University

Other present positions

- President of Jiwapong Visahakit Co.,Ltd.
- President of Sinbenjapon Co.,Ltd.
- Vice President City Disaster Protection Co.,Ltd.
- Adviser Faculty of Medicine Siriraj, Mahidol University
- Professor, Department of Orthopaedic Surgery and Physical Medicine, Faculty of Medicine Siriraj Hospital, Mahidol University
- Professor, College of Sports Science and Technology, Mahidol University
- Expert, Thai Industrial Standards Institute Ministry of Industry
- Expert, Fund Social Security office
- Expert, Department of Health
- Senior Managing Director of The Royal College of Family Physicians of Thailand

(%) **Share Possession** None



Mrs. Prapaphan Tanthavirat

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

Age 65

Education

- Bachelor of Accountancy, Faculty of Commerce and Accountancy, Thammasat University
- Master of Public Administration, Faculty of Political Science, Thammasat University
- Anti-Corruption The Corporate Secretary (ACPG) (2014)
- 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



Mrs. Somporn Permsuk

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

Age 64

Education

- Bachelor of Public Administration, Sukhothai Thammathirat Open University

Experience

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

(%) **Share Possession** None



Samajan Wijarnpreecha M.D.

- Advisor to the Executive Board
- Acting Chief Medical Officer, Aikchol 2 Hospital

Age 63

Education

- Bachelor of Medical Science, Chiang Mai University
- Doctor of Medicine, Chiang Mai University
- Exequatur in Family Medicine, Medical Council of Thailand
- Exequatur in Preventive Medicine, Clinical Preventive Medicine

Experience

- Physician, Pattaya city hospital

(%) **Share Possession** 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.



Business Overviews and Policies

Background and Nature of Business

Founded by the visionary Dr. Aikapoj Vanich, who anticipated rapid development in Chon Buri province and the Eastern Seaboard, Aikchol's forerunner Aikchol Hospital Company Limited started its business in 1978 with 22 million Baht in registered capital. Responding to his concerns about people's health issues and their increasing needs for hospital services, Aikchol was Chon Buri's first private hospital. Registered as an 80-bed private hospital, Aikchol Hospital was launched in 1981.

Listed on the Stock Exchange of Thailand (SET) in 1992, Aikchol's shares were traded under the AHC ticker symbol. In 1994, it registered conversion to a public company limited under the name of "Aikchol Public Company Limited", with 125 million Baht in registered capital. Later on, Aikchol started operating its branch in 2006 under the name of Aikchol 2 Hospital.

Aikchol operates two hospitals:

1. Aikchol 1 Hospital, a 262-bed registered facility for in-patients, located on 12-3-87 rai of land; and
2. Aikchol 2 Hospital, a 100-bed registered facility for in-patients, located on 15 rai of land.

Certified for their conformance to the Hospital Accreditation (HA) standard, both hospitals provide fully integrated healthcare services in diverse fields of medical care by specialist physicians and competent personnel. Fully equipped with the latest medical equipment for detailed diagnosis of complicated diseases, the hospitals offer medical care for patients from insurance companies, company contacts, Social Security Fund, and fully integrated health services for out-patients and in-patients.

Vision, missions, and operational strategies

Vision: To establish Aikchol Hospital with standard quality hospital in the Eastern Region by 2015, offering secondary medical care

Missions:

1. Provide healthcare services with standard quality and safety by consultants and expert physicians and the application of modern medical equipment
2. Focus on achieving customers' satisfaction to continuous quality improvement at every stage of service processes.
3. Relentlessly undertake competency development for all personnel and foster teamwork, based on learning, training, teaching and sharing of knowledge.
4. Provide medical care services with commitment to professional ethics to patients.
5. Conduct business with social responsibility, environmental protection, and conservation of natural resources.



Business milestones

2012

- In November, Aikchol purchased a plot of land (1-1-82 rai) next to the hospital to support future expansion.
- Aikchol purchased additional medical equipment to enhance healthcare services, while renovating buildings and facilities to present a modern image.
- Aikchol Hospital was poised to launch its Cardiac Catheterization Laboratory, to be launched by mid-2013.
- Registration of 120,000 insured members under the Social Security Scheme (SSS) to receive medical service from Aikchol 2 Hospital.

2013

- On May 18, Aikchol registered an increase in share capital to 150,000,000 shares from the issuance of 25,000,000 new shares.
- Inauguration of Aikchol Hospital's Cardiac Catheterization Laboratory took place in August. The laboratory's relatively high investment effectively strengthened and upgraded the hospital to the level of tertiary healthcare provider.

2014

- To enhance the quality and efficiency of its medical diagnosis and services, Aikchol procured modern medical equipment, including:
 - 128-slice CT scanner** capable of acquiring 128 high-quality images in a single rotation with minimum radiation exposure for patients.
 - Remote-controlled Digital Fluoroscopy system** using X-rays to obtain real time images
 - Phacoemulsification system** enabling the Ophthalmology Section to perform cataract surgery more efficiently with no corneal complication.

Awards and quality certification

2012

- Aikchol 2 Hospital passed the Healthcare Accreditation Institute's accreditation assessment.

2013

- Aikchol 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 US\$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 Workers Seeking Employment Abroad'.

- Aikchol won a Job Creation for Disabled People Award from Chon Buri Provincial Social Development and Human Security Office.

2014

- Aikchol Hospital and Aikchol 2 Hospital successfully passed the Healthcare Accreditation Institute's annual re-accreditation assessment.
- Both hospitals were presented with Gold Hospital Awards from the American International Assurance Co., Ltd. (AIA Thailand), in recognition of their high standards of service quality.

Shareholding structure within the Group

Aikchol has no subsidiary or joint-venture company

Relationship with major shareholder's groups

Aikchol has no relationship with any business group of its major shareholder.



Nature of Business

Industry outlook and competition

Many medium-sized private hospitals have developed into large hospitals with domestic and international accreditation of quality standards and administration by professional staff. With wider public acceptance and steady expansion of hospital networks, the private hospital business is growing in line with the economic prosperity of the high-income and middle income groups, including the rising prevalence of chronic and complex diseases. Meanwhile, public hospitals are now competing with private ones, after having upgraded their services to the same level.

Aikchol 2 Hospital targets insured members under the Social Security Scheme (SSS) and general patients, whereas the target customers of Aikchol 1 Hospital comprise middle-income people in their prime working ages and business owners from Chon Buri and nearby provinces. In line with economic growth and urbanization, Aikchol has continually expanded its services to include more specialized fields of medical care.

Aikchol's three-pronged strategies, namely quality development, excellence in services, and medical networking, are the key mechanisms ensuring its competitiveness with continual enhancement in medical care capabilities for specialized and complex diseases. As part of its endeavor to address patients' needs, Aikchol launched its Cardiac Catheterization Laboratory and Stroke Fast Track Project for patients suffering from strokes, the second leading cause of deaths in the world with high incidences of paralysis and partial paralysis for survivors. Nevertheless, recent medical studies have indicated better clinical outcomes if neurology specialists can give stroke patients injections of fibrinolytic agents within four and a half hours after the onset of symptoms.

Regarding Aikchol's policy on medical fees, the emphasis is on providing efficient medical care to every patient at a reasonable service rate, based on efficient cost management.

Procurement of products and services

(a) Sourcing of medical supplies for sale

1. Service capacity

As of December 31, 2014

In-patient	2014	2013	2012
Number of registered beds for inpatient	362	362	362
Out-patient			
Service capacity (number of outpatients per day)	1,772	1,772	1,596



2. Medical supplies and suppliers

Under its efficient inventory management and procurement planning, together with constant assessment of product quality and prices, Aikchol will face no shortage of medicines, medical supplies, or medical equipment. It also benefits from the economies of scale by operating two hospitals.

(b) The impacts of business (production) process on the environment

Environmental impact

Committed to conducting its business in an environmentally-friendly way for public benefit, Aikchol promotes energy conservation, reduction of waste paper through its Reduce, Reuse and Recycle Policy, and tree planting to enlarge green areas and water conservation. Besides fostering water conservation awareness among employees, treated water from its systems is being used for green areas at both hospitals. Under the company's plan for 2015, a project for the conservation of mangrove forests will be implemented to promote the co-habitation of communities and aquatic lives, as well as fostering the appreciation of forests among future generations for recreation and conservation alike.

Risk factors

1. Economic challenges

Thailand has recently been besieged by major problems both domestic and overseas. During the past 6-7 months, in particular, it has witnessed a slowdown in consumers' spending, notably that by provincial residents.

Although Thailand holds clear advantages over its competitors in medical tourism with a wealth of world-class expert physicians in plastic surgery, heart diseases, and others at lower prices. The domestic political unrest, continued enforcement of the martial law, and lingering Euro debt problems may drag down the number of tourists. As a result, several hospitals have altered their strategies by targeting more middle-income and low-income groups.

Due to Aikchol's advantageous downtown locations and its Hospital Accreditation (HA) pedigree, it has managed to efficiently increase its own business opportunities by hiring more specialist physicians and by launching specialized treatment centers for complicated diseases, including its Cardiac Center, to meet patients' needs while maintaining future competitiveness.

2. Competition

More customers have recently turned to public hospitals, whereas the general customer group (which used to be to our major customer group) are keen to enter a package project, prompting our marketing strategy to draw them back to Aikchol. To elaborate, Aikchol needs to understand consumers' behavior by adjusting interaction with



patients and letting them be part of the treatment team. In other words, for their own good, patients need to participate in understanding treatment behavior. Physicians need to educate patients, openly and factually explaining treatment processes and procedures.

Establishment of a package project enables customers to somewhat rein in costs. This move maintains the old customer base while growing a new one.

Private hospitals are facing competition from public hospitals, since the public sector has valued quality improvement and expanded public health facilities of international standards. Public hospitals are encouraged to exit the bureaucratic system and seek profits to survive on their own. They have therefore launched after hours (evening) clinics for customers that cannot use daytime services. Thanks to the convenience and service quality under medical care costs that are comparable to private hospitals, or sometimes lower, customers are being drawn away from private hospitals.

Aikchol has constantly had to make adjustments to pricing strategies in parallel with service efficiency improvement including good service impression and treatment quality instead of opulent facilities, medical apparatus with sophisticated functions, and state of the art excellence, which may prove superfluous. Such opulence and sophistication may attract high end customers that may seek only first class private hospitals.

3. Personnel shortage

Today's booming hospital business is spawning business network expansion to all corners of Thailand to establish networks of hospitals covering upper, middle, and lower markets. A crisis therefore looms for personnel, since Thailand cannot produce enough medical personnel to keep pace with investment in new hospitals. Therefore, more and more common these days are hiring wars and personnel poaching, which sometimes means high pay offers to draw away experienced personnel that can start working immediately.

This demand is outpacing supply, with only a handful of smart personnel ready to work because they cannot be produced soon enough or because some of them have chosen other occupations that do not involve daily ward rounds. Not surprisingly, employers have to pay more these days. Smart people are scarce and decide to take up better-paying and easier jobs.

Amid these problems, Aikchol relentlessly improves all personnel's knowledge and skills. The company invested in hiring reliable contractors to lay down a system for personnel selection, a performance assessment system that is open and fair, and a training and development system so that they are continually competent and can clearly progress in their professions, with compensation and privileges that echo market standards in medical care.



Aikchol has adjusted its development strategies for high-caliber personnel by giving them opportunities to learn and enhance skills beneficial to them and the corporation. Through suitable incentives, Aikchol diligently ensures engagement of these employees.

4. Uncertainty of the public sector

Thailand's hospital business comes under the supervision of the Ministry of Public Health, a government agency. For the past several years, many private hospitals have chosen to enter a system under which they provide social security medical treatment to grow their customer bases. Sadly, these private hospitals have endured the impacts of expenses under the entitlement of the former government. Uncertainty have arisen in the ministry's responsibility for these expenses. Reliability and uniformity of judgment have been haphazard, while some criteria have been altered without notice. The contracts for social security patient care made by the public sector and the private sector are different ones, marked by a lack of fair enforcement. Private hospitals are asked to go ahead with treatment, but the public sector does not reimburse certain expense items sometimes owing private hospitals for 1-2 years.

The new rules and interpretation of social security laws, under which the private sector needs to increase the scope of medical treatment, while reimbursement is made more strict without listening to reasons or giving the other party a chance to explain-these could harm the public sector in the future because patients under the health insurance scheme may soon have no choice but go to public hospitals alone, where the public sector must carry the medical cost burdens indefinitely. If private hospitals change their mind and reject social security patients, the bulk of the expenses will fall on public hospitals (social security and health insurance schemes). While social security income will be partially split with private hospitals, in the long term every hospital must weigh their decision to join the schemes. If expenses keep rising but the public sector does not value participating private hospitals, which have extended help, the risk of accruing expense deficits in the government's budget could wreak havoc on the country.



Dividend Payment Policy

Barring compelling circumstances, the Board's policy is to propose to the shareholders' meeting dividend payment of no less than 50% of Aikchol's net income (profit) after income tax deduction.

Dividend profile for the past five years (2009 - 2013)

Annual dividend payment	2013	2012	2011	2010	2009
Net earnings per share (consolidated financial statements)	1.27	1.15	8.14	6.78	3.61
Dividend payment per share (Baht)	0.64	0.80	3.50	2.50	1.10
Dividend payment in percentage of net profit per share	50.00%	58.02%	43.00%	36.89%	30.47%
Date of payment	08/05/14	29/05/13	08/05/12	06/05/11	10/05/10

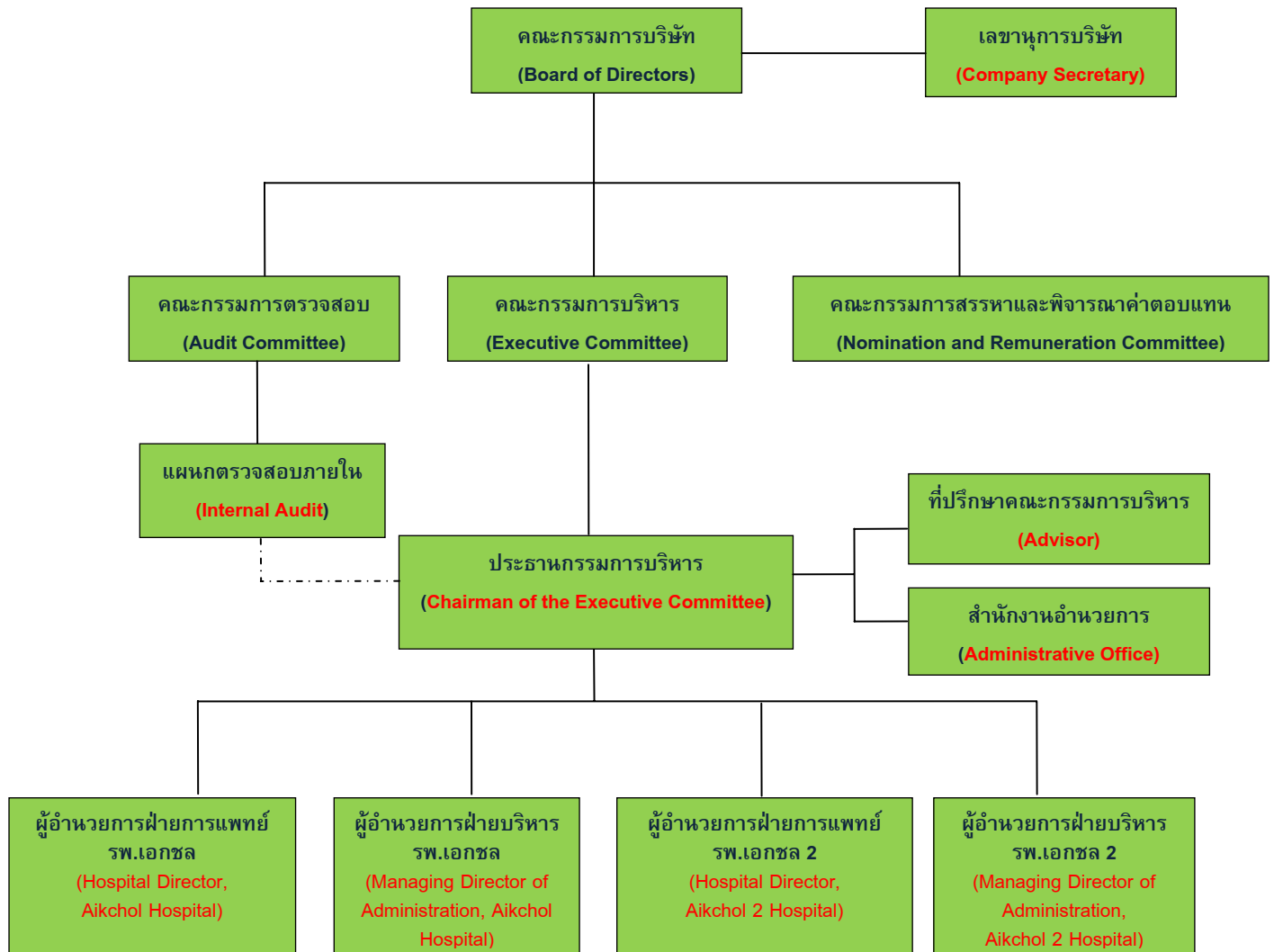
Notes:

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, Aikchol paid out stocks and cash dividends at the rate of Baht 0.80 per share:
 - 2.1 Cash dividend of Baht 0.60 per share
 - 2.2 Stock dividend of up to 25,000,000 shares at Baht 1 per value, equivalent to Baht 25,000,000, to existing shareholders under a 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

1. Management Structure as of December 31, 2014





2. Board of Directors

As of December 31, 2014, the Board consisted of:

Name	Position	Meeting Attendance in 2014			
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Executive Committee
1. Mr. Apirag Vanich	Chairman of the Board	6/6			
2. Mr. Vichai Dhepchalerm	Independent Director/ Vice Chairman of the Board / Chairman of the Audit Committee/ Member of the Nomination and Remuneration Committee	6/6	24/24	3/3	
3. Mrs. Phortchana Manoch	Vice Chairman of the Board / Chairman of the Executive Committee	6/6			20/20
4. Mr. Sucha Nimmannit, M.D	Director	6/6			20/20
5. Mr. Krisada Banchuin, M.D	Independent Director/ Chairman of the Nomination and Remuneration Committee/ Member of the Audit Committee	6/6	24/24	3/3	
6. Mr. Sirichai Manoch	Director/ Member of the Executive Committee	6/6			18/20
7. Mrs. Kanchana Chitru diamphai	Director	4/6			
8. Second Lt. Kittit Toranin	Independent Director/ Member of the Audit Committee/ Member of the Nomination and Remuneration Committee	6/6	24/24	3/3	
9. Prof. Dr. Sawaek Weerakiet, M.D. (1)	Independent Director/ Member of the Audit Committee/ Member of the Nomination and Remuneration Committee	1/4	0/16	0/2	
10. Ms. Oranuj Vanich	Director	6/6			
11. Mr. Sanit Charkrit, M.D.(2)	Director	5/5			10/10
12. Associate Prof. Dr. Atirek Chivabongs (3)	Independent Director/ Member of the Audit Committee	2/2	6/6		



- (1) Prof. Dr. Sawaek Weerakiet resigned from the posts of independent director, member of the Audit Committee and member of the Nomination and Remuneration Committee, with effect from September 1, 2014.
- (2) Dr. Sanit Charkrit was appointed director at the Annual General Meeting (AGM) No. 36, on April 18, 2014, and member of the Executive Committee on June 18, 2014.
- (3) Associate Professor Dr. Atirek Chivabongs was appointed Independent Director and member of the Audit Committee, replacing a resigned director, by the resolution of the Board meeting No. 287, on October 15, 2014

Note : Additional information on the Board:

- A) Unlawful records None
- B) Debts with Aikchol None

Authority and Limitation of the Board

Under Aikchol'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 Aikchol's seal.

Duties and Responsibilities of the Board

1. Perform its duties under laws, objectives, and regulations of Aikchol.
2. Approve major policies and strategies, financial targets, operating plans, budgets; monitor and ensure plan implementation.
3. Follow up and assess the performance of the management and establish suitable remuneration.
4. Ensure that financial reporting and auditing systems are reliable, and that risk management and internal control systems are suitable.
5. Resolve conflicts of interest, as well as the misuse of Aikchol's assets or malfeasance of connected transactions.
6. Appoint members of the Executive Committee, and delegate specific authority and duties to the Executive Committee to manage the Company. Members of the Executive Committee are entitled to remuneration and bonuses as specified by the Board meeting, provided, however, that the rights of such members to the remuneration and benefits under Aikchol's regulations as directors, officers or employees are not affected.
7. Appoint qualified candidates without forbidden characteristics as stipulated by the Public Limited Companies Act (1992) and the law on securities and exchange, as well as relevant rules or regulations of directorship, or both, if the post is vacated because of reasons other than term completion.
8. Appoint qualified independent directors without forbidden characteristics as stipulated by the law on securities and exchange, an announcement of the Capital



- Market Supervisory Board, as well as SET's rules or regulations, or both, or submit a list of potential candidates to the shareholders' meeting for approval.
9. Appoint qualified members of the Audit Committee in compliance with the law on securities and exchange, an announcement of the Capital Market Supervisory Board, as well as SET's rules or regulations, or both.
 10. Appoint the Company Secretary in compliance with the law on securities and exchange, responsible for preparing and filing documents and other duties as defined by the Capital Market Supervisory Board; facilitating activities of the Board and Aikchol, such as the meetings of the Board and the shareholders; providing the Board and Aikchol with legal advice and assorted regulations that they need to know and comply with; as well as ensuring that the Board and the Company disclose information must be correct, complete, and transparent.
 11. 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 Aikchol and its affiliates, and inform the Board meeting every time there is a change to the information.
 12. 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.
 13. Other duties as stipulated by the announcements, rules, regulations, acts, or laws governing the Company.

3. Executives

The top executives of Aikchol as of December 31, 2014, are as follows:

	Name	Position
1.	Mrs. Phortchana Manoch	Chairman of the Executive Committee
2.	Dr. Sanit Charkrit	Hospital Director, Aikchol Hospital
3.	Dr. Samajan Wijarnpreecha	Hospital Director, Aikchol 2 Hospital
4.	Mrs. Prapaphan Tanthavirat	Managing Director of Administration, Aikchol Hospital
5.	Mrs. Somporn Permsuk	Managing Director of Administration, Aikchol 2 Hospital

Duties and Responsibilities of the Executives

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



4. Company Secretary

The Board appointed **Mrs. Prapaphan Tanthavirat** as Company Secretary with the responsibilities and duties as stipulated by the law on securities and exchange and an announcement of the Capital Market Supervisory Board. Such duties and responsibilities included disclosure of information and reporting to governing agencies in conformity to the laws, regulations, and the Company's policy, ensuring that the resolutions of the Board and shareholders' meetings are implemented accordingly and in compliance with corporate governance principles, and any other duties as may be assigned by the Board. The qualifications of the Company Secretary are as shown in the annual report, page 26, article 5.4.

Duties and Responsibilities of the Company Secretary

1. Provide the directors with legal advice and remind them of the company's assorted rules and regulations, ensure that the operations are in compliance with the laws and regulations, and inform the Board of any significant changes.
2. Prepare shareholders' meetings, and Board meetings in accordance with the laws, the company's regulations and relevant procedures.
3. Record the minutes of the Board and the shareholders' meetings, and ensure that the resolutions of the Board and the shareholders' meetings are implemented accordingly.
4. Inform the shareholders of their rights and the Company's news.
5. Facilitate activities of the Board.

5. Remuneration for the Directors and Executives

Criteria of the remuneration 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, scopes of duties and responsibilities, as approved by the shareholders. Performance of the executives is regularly assessed so that remuneration given reflects the performance. Details of the remuneration paid to the Directors and executives are:



5.1 Remuneration in Monetary Form

In 2014 (as of December 31, 2014), the Company's paid remuneration to the directors and members of the committees in the forms of meeting allowances and bonuses as follows:

(Unit : Thousand Baht)

	Name	Position	Director' s Remuneration	
			2014	2013
1	Mr. Apirag Vanich	Chairman of the Board of Directors	672.00	684.00
2	Mr.Vichai Dhepchalerm	Vice Chairman of the Board of Directors / Chairman of the Audit Committee / Member of the Nomination and Remuneration Committee	576.00	588.00
3	Mrs.Phortchana Manoch	Vice Chairman of the Board of Directors / Chairman of the Executive Committee	612.00	628.00
4	Mr. Sucha Nimmannit,, M.D	Director / Member of the Executive Committee	512.00	528.00
5	Mr. Krisada Banchuin, M.D	Director / Chairman of the Nomination and Remuneration Committee/ Member of the Audit Committee	576.00	392.00
6	Mr. Sirichai Manoch	Director / Member of the Executive Committee	652.00	704.00
7	Ms. Kanchana Chitru diamphai	Director	360.00	372.00
8	Second Lt. Kittit Toranin	Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee	612.00	628.00
9	Prof. Dr. Sawaek Weerakiet, M.D	Director / Member of the Audit Committee/ Member of the Nomination and Remuneration Committee	24.00	404.00
10	Ms. Oranuj Vanich	Director	372.00	384.00
11	Mr. Sanit Charkrit, M.D	Director / Member of the Executive Committee	482.00	-
12	Associate Professor Dr. Atirek Chirabongs	Director / Member of the Audit Committee/ Member of the Nomination and Remuneration Committee	118.00	-
Total			5,572.00	5,512.00



Management's Remuneration paid to the executives and advisors in 2014 (as of December 31, 2014) totaled 23,119,250 Baht. (Remuneration consisted of salaries, bonuses, consultant fees, and meeting allowances),

5.2 Other Remuneration : None

6. Employees

6.1 As of December 31, 2014, the employee headcount stood at a total of 1,243, divided into two main lines of work:

1.	Doctors and nurses	931
2.	Administrative personnel	<u>312</u>
	Total	<u>1,243</u>

6.2 Employees' Remuneration

The remuneration paid to the employees this year totaled 460.74 million Baht. (Remuneration consisted of salaries, daily wages, overtime pay, professional fees, living allowances, bonuses, contribution to the social security fund and the provident fund, medical welfare, and others).

6.3 Human Resource Development

As Aikchol values patients' safety as the top priority, it insists on the development of its human resources to enhance their potential and enable them to perform with higher efficiency in line with Aikchol's policy and directions that will lead Aikchol toward its goals, and be more competitive at the international level and for the approaching AEC. Training, both internal and external, is aimed to provide Aikchol's staff knowledge and experience in various professional fields.

- Employee engagement is stressed. For this purpose, a variety of activities are held, such as the New Year Party, internal sports, merit-making on every Buddhist holy day and New Year's day, and dharma practice to "Develop the soul, develop the man".
- Orientation sessions are held to educate newcomers on Aikchol's organization, management structure, the executives, their superiors and co-workers from other divisions, as well as the roles, duties and responsibilities, as well as Aikchol's regulations and culture.
- Every employees is encouraged to attend training courses, both internal and external, with the training hours set annually. The training included professional courses, and managerial competency and skills development courses.
- Conscious of the safety of the workplace and work areas, Aikchol staged fire drills as well as training organized by the *Committee* of Occupational *Safety, Health* and Environment of the Workplace for all employees.



- Recognizing the importance of social responsibility, Aikchol encourages all executives and employees to participate in SET's activities to learn and understand more about social responsibility. Aikchol has always stressed its responsibility toward society and holds various social activities such as "Aikchol's Blood Donation" and CPR training programs for government agencies and foundations.

6.4. Company Secretary

Company Secretary : Mrs. Prapaphan Tanthavirat	
Education and Training :	<ol style="list-style-type: none"> 1. Bachelor of Accounting, Faculty of Commerce and Accountancy, Thammasat University 2. Master's Degree in Public Administration, Faculty of Political Sciences, Thammasat University (1) Anti-Corruption: The Practical Guide (ACPG), Class 12/ 2014 (2) Fundamental Practice for Corporate Secretary (FPCS), Class 18/ 2014
Present Position :	<ol style="list-style-type: none"> 1. Advisor to the Executive Committee 2. Managing Director of Administration, Aikchol Hospital 3. Company Secretary



Corporate Governance

The Board is fully aware of its role, duties, and responsibilities for the corporate governance (CG) of Aikchol. It stated that it will determine the structure of relationship between the shareholders, committees, management, and all stakeholders, which will lead to competitiveness enhancement and long-term added value to Aikchol for the shareholders' interests, and eventually it will lead to Aikchol's sustainable and stable growth which results taking into account of the interests of the other stakeholders.

One of the Board's major roles is to monitor CG. The Chairman of the Executive Committee and the executives are assigned to comply with all CG policies announced by the authorities and adapt them to Aikchol's guidelines.

1. Corporate Governance Policy

Responsible for all its shareholders, the Board is committed to respond to the shareholders' needs, provide confidence to investors and business stakeholders, create added value to the corporation, and promote sustainable growth. To this end, the operation of Aikchol adheres to good CG. Aikchol defines the management and the monitoring mechanisms so that its operation may run efficiently and meet the defined 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 defined a CG policy and disclosed it on Aikchol's website at www.aikchol.com.

The CG policy covered these areas:

1. Rights of the shareholders
2. Equitable treatment of shareholders
3. Role of stakeholders
4. Information disclosure and transparency
5. Responsibilities of the Board.

Corporate Governance Practices in Year 2014

This year's major CG practices are summarized as follows:

Section 1 Rights of the shareholders

1. Rights and Equality

Aikchol values the shareholder's fundamental rights, such as the right to share-trading, share transfer, to profit-sharing and to receive equitable treatment in attending shareholders' meetings to exercise their voting right to participate in decision making on matters of significance, to appoint the company to encourage the shareholders or dismiss directors and to determine directors' remuneration. An approval from the shareholders to appoint Aikchol's external auditor and determine their fees to receive prompt, complete,



and sufficient information through easily accessible channels. The shareholders are encouraged to exercise their rights through shareholders' meetings to decide on matters potentially affecting their rights and interests.

Aikchol's policy is to encourage and facilitate shareholders as well as to inform investors in attending shareholders' meetings. It arranges each meeting at an easily accessible venue with sufficient mass transportation systems.

2. Scheduling Shareholders' Meeting

Aikchol 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 and may require the shareholders' approval, the Board can call an extraordinary meeting on a case-by-case basis.

The AGM is held once a year. Aikchol allows shareholders to register before the meeting is due to start or sends a proxy form with evidence to Aikchol at least one day ahead of the meeting date so as to avoid document checking on the meeting date. The shareholders are allowed to choose whether to attend the entire meeting or just some agenda. Those who arrive after the start of the meeting are also allowed to register and attend the meeting and exercise their voting rights during the agenda item under consideration when its resolution has not been passed. The meeting is conducted openly with a mechanism in place for checking and rechecking. The Chairman of the meeting gives the floor to all to express opinions and ask questions. The Chairman of the Board, the directors, and the chairmen of the Executive Committee, Audit Committee, Nomination and Remuneration Committee, independent directors, executives, legal adviser, and auditor all attend the meeting to address all questions and learn of the shareholders' opinions.

3. Meeting Notices

Aikchol mails meeting notices as well as accompanying documents, such as a copy of the shareholders' meeting minutes, annual report, Proxy Form B with complete instruction, Aikchol's regulations on the shareholders' meeting, and a map of the meeting venue to the shareholders to notify them of the meeting agendas, including the comments of the Board under each agenda item more than 14 days ahead of the meeting date so that the shareholders may have sufficient information for decision-making and that they could fully exercise their rights. Aikchol provides the details of the documents that the shareholders need to bring with them on the meeting date to reserve their rights to attend the meeting and to vote. Moreover, to facilitate the shareholders, Aikchol discloses the meeting notices and relevant documents at its website before mailing them at least 30 days ahead of the meeting date and announces the invitation through Thai daily newspapers for three days and at least 14 days ahead of the meeting date. The shareholders can propose meeting agenda and nominate directors 45 days ahead of the meeting date.



4. Conduct of Shareholders' Meeting

Before the meeting, the Chairman of the Board who serves as Chairman of the meeting informs the meeting of the meeting quorum, and explains the rules of the meeting and the voting procedures to the shareholders.

During the meeting, the Chairman of the meeting gives the floor to all to express opinions and ask questions to which the relevant directors could address all questions clearly and sufficiently. The legal adviser acts as an intermediary to check the voting for transparency all through the meeting. Moreover, after the meeting, the attending directors and executives meet with the shareholders to allow them to ask questions unasked during the meeting.

After the vote counting, the Company Secretary announces to the meeting details of the resolutions for each agenda. The votes are to approve, disapprove, or abstain.

Aikchol provides sufficient officers and technology to facilitate the verification of the shareholders' documents.

Aikchol records complete, accurate minutes of the meeting as well as queries from the shareholders, discloses the resolutions of the meeting through SET channels. This year it disclosed the report of the 2014 AGM within 14 days of the meeting date on Aikchol's website so that all shareholders might promptly know and other interested people might have the opportunities to know and learn about the Aikchol's information.

5. Disclosure of Shareholders' Meeting Outcomes

After the shareholders' meeting, the company will submit the documents to SET and SEC a report summarizing the resolutions of the meeting that same evening, and the report of the Shareholders' Meeting within the stipulated 14 days of the meeting date, and also made available the minutes on Aikchol's website.

Section 2 Equitable treatment of shareholders

Aikchol treats all its shareholders equally, regardless of the number of shares held, whether they are major, minor, institutional, Thai and foreign shareholders, have the same following practices:

1. Access to information

Aikchol facilitates shareholders with equality of access to information with SET's channel as the main channel. The Vice Chairman of the Board and the Company Secretary are authorized to disclose its information. The shareholders also have access to the information via Aikchol's website or may request it from responsible units, including the Company Secretary and Share Registration.

2. Bilingual document preparation

The disclosed data are in Thai and English, publicized via SET's portal, which includes the notice of each shareholders' meeting and accompanying documents,



minutes of each shareholders' meeting, and data on the company's website so that all shareholders, Thais and foreigners, may have equitable access to its information.

3. Minor shareholders proposing additional meeting agenda items and nominating directors

At each AGM, Aikchol encourages minor, major, and institutional shareholders to put forward an agenda for the meeting or nominate qualified persons with suitable qualifications as directors in advance, or both. That way, the independent directors can screen and propose these matters to the Board for consideration whether to include them in the AGM agenda as seen fit.

4. Appointing Proxies

To maintain the rights of the shareholders who cannot attend a meeting in person, they can assign proxies to any independent director of Aikchol or other persons to attend the meeting and vote on their behalf. Aikchol has prepared Proxy Form B, defined by the Ministry of Commerce, for the shareholders to have a say in the direction of the votes. The proxy form, with the meeting notice and accompanying documents, is sent to the shareholders in advance. However, if the shareholders wish to use another form of delegation, Aikchol has publicized all Proxy Forms on its website.

5. Voting Ballots

Voting ballots are used for all agenda items, notably for director election. Aikchol has provided an opportunity for the shareholders to vote for individual directors and has prepared ballots for individual directors to accommodate shareholders' preferences.

6. No additional agenda item

At the 2014 AGM, the Chairman of the meeting conducted the meeting by following the order of the agenda as specified in the meeting notice. No additional agenda item was proposed without notifying the shareholders in advance. If necessary, however, the shareholders may propose other matters for the meeting's consideration.

7. Reporting of Aikchol's securities portfolio

Aikchol's directors and executives are to report to SEC on Aikchol securities under their portfolios and any change to them. The Board has specified in Aikchol's corporate governance policy that the directors, executives, and their spouses and siblings not yet of legal age must report all changes in the Aikchol securities profile under their portfolios.

8. Use of inside information

The Board has defined in writing the method of maintaining and preventing the abuse of inside information in the code of conduct as a preventive measure for directors, executives, and employees from abusing Aikchol's inside information for the benefit of themselves or others. Aikchol has also announced its guidelines and policy for everyone in the organization to comply with. All directors, executives, and employees have



acknowledged internal control and risk management criteria and strictly obeyed them without exception.

Section 3 Role of Stakeholders

Valuing the rights of all stakeholders, Aikchol is committed to being an efficient organization, responsible for the stakeholders in business conduct and in personnel, for mutual and sustainable benefit, which will lead to stability and business operation as expected. Aikchol is committed to equitable and fair treatment of all stakeholders:

1. **Shareholders:** Besides basic rights, rights defined by law and by its regulations, including the right to investigate the number of shares held, to receive share certificate, to attend, to vote, and to express opinions freely at shareholders' meetings, and to fair remuneration, Aikchol's shareholders are entitled to an equal and timely access to information and, as the owner of Aikchol, to freely propose recommendations and opinions on the company's business conduct at shareholders' meetings.
2. **Customers / Patients:** The services provided to the patients are under medical/nursing ethics of quality standards, with the safety and satisfaction of patients and efficiency of the services as top priorities. Aikchol constantly upgrades its standards and quality of services and treatment of the patients, taking into account the needs and opinions of the patients as well as their complaints for further assessment, improvement of service.
3. **Business Partners/ Contractual Parties:** Aikchol wants its acquisition of goods and services to be of acceptable standards, desiring to maintain and improve sustainable relationship with its business partners and contractual parties. Aikchol makes itself clear that quality services must be worth their prices and technical quality, based on mutual trust. To this end, Aikchol established fair, equitable procurement processes for all business partners and conforms to all the terms and conditions stipulated in the contracts made with business partners in an ethical, fair manner, and always pays business partners on time.
4. **Business Competitors:** Aikchol adheres to the principles of free enterprise in competing with business competitors in a fair manner, without defamation, slander, or unlawful exercises against the rules of fair competition. It acts within the good competition framework, complies with the law, and treats its competitors in a fair manner and with integrity. It recognizes that business competitors are the driving force to better Aikchol's quality and efficiency of services provided to customers and patients.
5. **Employees:** Aikchol recognizes that employees are valuable resources and significant factors for driving the company toward its goals. It treats all employees fairly and equally, regardless of origin, race, religion, gender,



marital status, language, or position. Aikchol is against children labor, human trafficking, and malfeasance and corruption of all forms.

A Welfare Committee was appointed to oversee the well-being and safety of the employees and provide fair remuneration commensurate with their knowledge, ability, responsibility, and work performance of each. A performance based remuneration system serves as criteria for performance assessment, salary rises and annual bonus payment. Cases in point are an assessment based on performance statistics and compliance with Aikchol's rules and disciplines, performance assessment by the superior in one's line, achievement of the unit's targeted KPIs, and competency assessment. In addition, Aikchol provides other forms of welfare for employees, including medical expense contribution to the employees and their families, a provident fund, loans for needy employees, educational assistance for employees and their children, and employee scholarships.

Aikchol ensures that the workplace environment and health are safe for employees' lives, physical health, and properties. It is conscious of the safety of employees in performing their work, and for the company alike. Thus, related training is arranged for all employees, including fire drill training in prevention and evacuation.

Aikchol encourages all employees to attend additional training in work-related courses to enhance their caliber. All employees must attend internal and external training to fulfill the number of training hours agreed annually.

In addition, Aikchol is strongly against violation of intellectual property rights or copyright. A case in point is that all employees must use copyrighted computer software.

All employees are allowed to share the concepts and ideas on the operation that they have a part in. If a problem arises, they can directly voice their complaints or make recommendations to executives to improve the work process. The "Aikchol Star" Project inspires employees who obey Aikchol's regulations.

6. **Community, society, and environment:** Aikchol is aware of its role in society and in supporting communities as well as communal charity activities. This year, it won an award for environmental conservation through the use of products made from recycled fiber by Kimberly-Clark Thailand Co., Ltd., certified by the Thailand Environment Institute, or recycled fiber environmentally friendly processed products, or both. Aikchol encourages personnel, in the organization and outsiders, to participate in energy-saving programs so that they may adopt energy-saving as a daily habit.



Section 4 Disclosure of Information and Transparency

Aikchol is committed to accurate, complete, equitable, transparent, and timely disclosure of its financial and general information to shareholders, investors, and the public as specified by relevant laws and regulations.

To strictly comply with relevant business laws, securities and exchange laws and SET (Stock Exchange of Thailand)'s regulations, the Board of Directors undertakes close supervision to ensure complete, accurate, reliable, constant, and timely disclosure of Aikchol's financial and non-financial information.

1. Disclosure on the remuneration of directors and the holding of Aikchol shares by directors and executives

The remuneration of directors and executives are disclosed in the Annual Information Disclosure Form (Form 56-1), the Annual Report Form (Form 56-2), and Aikchol's website: www.aikchol.com.

As specified by Article 59 of the Securities and Exchange Act, directors and executives must report their shareholding portfolios to SEC each time there are a purchase, sale, or transfer of shares.

2. Information Disclosure

The Board or an assigned person is responsible for the disclosure of financial and non-financial information in a timely manner so that Aikchol's shareholders and stakeholders may equitably receive reliable and adequate information as specified by law and Aikchol's regulations. In ensuring shareholders' convenient, speedy, and efficient access to additional information, Aikchol regularly puts complete and timely information updates on its website. Aikchol discloses its information through the following channels:

1. SET and SEC electronics systems
2. Annual Information Disclosure Form (Form 56-1) and Annual Report Form (Form 56-2)
3. AHC's website: www.aikchol.com
4. Dispatch of AGM notices by mail.

In conformance to Securities and Exchange Commission (SEC) laws and SET's regulations, Aikchol prepares an annual report on the responsibility of the Board to financial statements, countersigned by the Chairman of the Board and the Chairman of the Executive Committee.

To strictly comply with relevant business laws, SEC laws, and SET's regulations, the Board undertakes close supervision ensuring complete, accurate, reliable, constant, and timely disclosure of Aikchol's financial and non-financial information.

Besides disclosing its constantly updated information through Form 56-1, the annual report, and SET website under legal obligation, Aikchol communicates with its shareholders and investors via Aikchol's website under the Investor Relations section.

Aikchol's Share Registration Department facilitates the company's communication with institutional investors, shareholders, analysts, and relevant governmental agencies.



Interested investors may request Aikchol's information at Tel. 0-3893-9999 Ext. 1126, AHC website: www.aikchol.com or Email address: ir@aikchol.com.

Section 5 Responsibilities of the Board

The Chairman of the Board and the Chairman of the Executive Committee have separate duties and responsibilities cannot be 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 by questioning or making remarks, giving advice and making recommendations to executives, supports business operation, and does not interfere in the management of Aikchol. The Chairman of the Executive Committee manages the operation of Aikchol and ensures that it complies with regulations, resolutions of shareholders' meetings, resolutions of the Board meetings, Aikchol's policy, and business operating plans and relevant laws. Moreover, the Board has four independent directors, who scrutinize the checks, balance the management commitment and review the management performance.

1. Board Structure

The Board consists of 11 directors: four executive directors, three non-executive directors, and four independent directors (which accounts for 40% or no less than one-third of the Board). The directors have the qualifications and expertise to sufficiently create checks and balances and a management review mechanism.

Executive Directors

The executive director is a member of the Board or a full-time management director, and receives a regular salary or other benefits under company's regulations and social welfare.

Non-Executive Directors

A non-executive director is not involved in the day-to-day management of Aikchol and does not receive regular remuneration. He or she may be appointed by the major shareholder, or represent them.

Independent Directors

An independent director is not involved in the management of Aikchol or its associated company, is dependent of the management, the major shareholder, or its controllers. He or she has no business or relationship with Aikchol or its associated company which may affect the interests of Aikchol or the shareholders.

Independent directors have the qualifications in compliance with SET's and SEC's regulations as follows:



1. Share holding should not exceed 1 % of the voting shares of Aikchol, its 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 the person or who have not been involved in the management as wage earners, employees, advisers on the payroll of Aikchol, or those who have control over Aikchol and its holding company, its subsidiaries, associates, sister companies, the major shareholder, or those with control over Aikchol for at least two years before the appointment.
3. Are not persons of blood relationship or legal registration as father, mother, spouse, sibling, and children, including the spouses of the children and of the executives, the major shareholder, controllers, or those who are recommended as executives, or controllers of Aikchol or its subsidiaries.
4. Do not have or have not had business relationship with Aikchol, its 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 the major shareholder, directors who are not independent directors, or executives of those who have business relationship with Aikchol, or juristic persons who could pose conflicts of interest for at least two years before the appointment.
5. Are not and have not been the an auditor of Aikchol, its holding company, subsidiaries, associates, or juristic persons who could pose conflicts of interest, and are not the major shareholder, directors who are not independent directors, executives, or managing partners of the auditing office that the auditor of Aikchol, 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 advisers, whether legal or financial, with consulting fees of more than 2 million baht a year from Aikchol, its holding company, subsidiaries, associates, or juristic persons who could pose conflicts of interest. If the professional advisers are juristic persons, this should include the major shareholder, directors who are not independent directors, executives, or managing partners of the professional advisers for at least two years before the date of appointment.
7. Are not appointed as the representatives of Aikchol's directors, the major shareholder, or shareholders who are connected with Aikchol's major shareholder.
8. Do not have any characteristics that hinder the ability to express freely the views on the operation of Aikchol.

Duties and Responsibilities of the Board and Independent Directors

Each member of the Board has the duties and responsibilities for defining and monitoring the business policy of Aikchol. The authority, duties and responsibilities of the Board are detailed under Management Structure of this annual report. However, the Board also has the following duties:



1. Should have an access to financial and other business information, which is sufficient to efficiently perform the duties.
2. Attend every Board meeting and committee meeting if possible, raise significant questions to protect the rights and interest of the shareholders and stakeholders of Aikchol to ensure compliance with good practices.
3. Attend every shareholders' meeting if possible, especially those appointed to the Audit Committee, to answer shareholders' questions and provide clarification to the issues raised, and acknowledge shareholders' recommendations.
4. Be able and desire to learn Aikchol's business, freely provide recommendations, and devote time and interest to all significant matters.

Remuneration paid to the Directors and Executives

Aikchol determines fair remuneration paid to the directors and the executives. Remuneration paid to the Board (in the forms of bonuses and meeting allowances at the same level as peer industries) must have the approval of the shareholders' meeting, while members of the committees are paid in the form of meeting allowances.

Remuneration paid to the executives is in the forms of bonuses and meeting allowances based on performance and responsibilities of each executive as well as the performance of Aikchol.

The details of remuneration paid to each director as approved by the shareholders' meeting, and to the executives this year appear in the annual report 2014 under Management Structure, page19

Performance Assessment of the Board in 2014

The Board 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 its work and improve relationships between the directors and the management.

The assessment of the performance of the Board this year revealed the performance at 83.84 percent, which is considered "good" according to the SET Scale.

Aikchol submitted the assessment outcomes to Board meeting No.288 on December 17, 2014, in encouraging the performance of the directors.

Agenda for the Meetings of the Board

1. The Board schedules meetings every two months, or with extraordinary sessions called as necessary. The agenda is explicitly set in advance, along with agenda on monitoring of operation outcomes on regular basis. The Company's secretary inform the meeting notices with the agenda and accompanying documents seven days ahead of the meeting date to allow the directors sufficient time to study the documents before



each meeting. Each meeting generally takes about 3 hours. In 2014, the Board held six meetings.

Each year, at the meeting, which design for considering the performance of the management directors, the policy is set for each assessed director or related parties. The relevant person has to leave the meetings to allow free discussions on management's performance in transparent, and unbiased manners. In 2014, there were two such meetings (No. 286/2014 and 288/2014).

At meetings of the Board, there is an agenda on the consideration of performance assessment and salaries of the executives on the completion of one year in office. There was one meeting (No.288/2014) in 2014, with the defined criteria of performance consideration.

2. The Audit Committee holds a monthly meeting, with an extraordinary meeting in case of emergencies. Each meeting takes two days, one at Aikchol Hospital and the other at Aikchol 2 Hospital for closer operation follow-up. Meeting notices with accompanying documents are forecast in the same manner as those of the Board meetings. The Committee held 24 such meetings. in 2014

3. The Nomination and Remuneration Committee convenes whenever it wishes to nominate or appoint new director or executive. The Chairman will ask the Secretary to forward meeting notices with accompanying documents in the same manner as those for the Board meetings. In 2014, the committee held three such meetings.

4. The Executive Committee meets twice a month (every other week). Meeting notices with accompanying documents are forwarded in the same manner as those for the Board meetings. For the Executive Committee there were 20 meetings.

At each committee meeting, the minutes of the meeting are in written form, properly filed, and traceable. The contents of the minutes cannot be changed without prior approval of the meeting of each committee. The documents are always ready for inspection by the Board or relevant parties.

Directors' and Executives' Remuneration

Aikchol determines fair remuneration for its directors and executives. Remuneration paid to the Board, in the forms of bonuses and meeting allowances must have the approval of the shareholders' meeting. The Board's remuneration is considered based on those paid by companies with comparable size and industries. The sub-committee members for ad hoc meeting will only receive meeting allowances. However, must have the approval of the shareholders' meeting and is in the forms of bonuses and meeting allowances at the same level as those paid by peer industries, while committee members receive meeting allowances.

Executive remuneration is in the forms of bonuses and meeting allowances based on performance and individual responsibilities, as well as the performance of Aikchol.



Details of the remuneration paid to each director as approved by the shareholders' meeting and that paid to the executives this year are shown in this annual report 2014 under Management Structure section.

Orientation of New Directors

The Company arranges business orientation sessions for newly-appointed directors and encourages them to attend training programs organized by the Thai Institute of Directors (IOD) so as to develop, support, and enhance the performance of the Board.

Development of Directors and Executives

The Company encourages and supports training and coaching for directors, executives, company's secretary, and others, to constantly improve their performance. The Board attends seminars organized by relevant agencies, such as IOD and SET, to develop and to increase skills and efficiency in the performance of their duties as directors. Individual directors also took part in IOD training and seminars.

In 2014, one such director, Mrs. Phortchana Manoch, Vice Chairman of the Board, attended "The IOD course on Anti-Corruption for Executive Program" (ACEP) (2014).

2. Committees

The Board appoints the Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee, whose scopes of authority, duties, and responsibilities are clearly defined in their respective charters.

Aikchol has disclosed the directorships in other companies as shown in the Board's structure. None of the directors holds more than five directorships in listed companies.

2.1 Audit Committee

The Audit Committee consists of four independent directors with a term of two years as follows:

1.	Mr. Vichai	Dhepchalerm	Chairman
2.	Dr. Krisada	Banchuin	Member
3.	Second Lt. Kitti	Toranin	Member
4.	Asso.Prof.Dr. Atirek	Chivabongs	Member

Qualifications

Members of the Audit Committee must be independent directors appointed by the Board or the shareholders' meeting, and have the following qualifications as specified by SEC:

1. Hold up to 1 percent of the voting shares of Aikchol, its holding company, subsidiaries, associates, the major shareholder, or controllers of Aikchol, or persons who could pose conflicts of interest (including the shares held by their connected parties).



2. Are not or have not been involved in the management as wage earners, employees, advisers on the payroll of Aikchol, or Aikchol's controllers, its holding company, subsidiaries, associates, sister companies, the major shareholder, or juristic persons with conflicts for at least two years before the appointment.

3. Are not persons of blood relationship or legal registration as father, mother, spouse, sibling, and children, including the spouses of the children and of the executives, the major shareholder, controllers, or those who are recommended as executives, or controllers of Aikchol or its subsidiaries.

4. Do not have or have not had business relationship with Aikchol, its holding company, subsidiaries, associates, the major shareholder, Aikchol's controllers, juristic persons who could pose conflicts of interest that may hamper the independent exercise of discretion; are not or have not been significant shareholders or controllers of those connected by business with Aikchol, its holding company, subsidiaries, associates, the major shareholder, Aikchol's controllers, directors who are not independent directors, or executives of those with business relationship with Aikchol, or juristic persons who could pose conflicts of interest for at least two years before the appointment.

The above business relationship includes regular business transactions for leasing, renting, renting out real estates, assets or services, giving or accepting financial assistance by accepting or lending, guaranteeing, giving assets as loan collaterals, or other similar acts, resulting in Aikchol or contractual partner owing the other parties from 3% of Aikchol's tangible fixed assets or from 20 million baht upward, whichever is lower. Such calculation must be done under the calculation of connected transactions stipulated by the Capital Market Supervisory Board on the criteria for connected transactions *mutatis mutandis*. In considering the debt burden, the burden taking place in the year before the business relationship with the same person must also be included.

5. Are not or have not been the auditor of Aikchol, its holding company, subsidiaries, associates, or juristic persons who could pose conflicts of interest, and are not the major shareholder, directors who are not independent directors, executives, significant shareholders, or managing partners of the auditing office that the auditor of Aikchol, 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 advisers (legal or financial) with consulting fees of more than 2 million baht a year from Aikchol, its holding company, subsidiaries, associates, or juristic persons who could pose conflicts of interest. If the professional advisers are juristic persons, this should include the major shareholder, directors who are not independent directors, executives, or managing partners of the professional advisers for at least two years before the date of appointment.



7. Are not appointed to represent Aikchol's directors, the major shareholder, or shareholders who are connected with Aikchol's major shareholder.

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

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

10. Are not directors of the holding company, subsidiaries, or sister companies that are listed companies.

11. For the benefit of the consideration of the qualifications, definitions appear below:

11.1 "Holding company" means the company that holds more than 50% of the paid-up shares in a listed company (directly or indirectly).

11.2 "Subsidiary" means the company where a listed company holds more than 50% of the paid-up shares (directly or indirectly).

11.3 "Major shareholder" means the shareholder (directly or indirectly) in a listed company or a subsidiary combined, accounting for more than 10% of the paid-up capital of the company or the subsidiary, including the shares held by connected parties.

11.4 "Executive" means an executive director, manager, employee from manager upward, or any person at 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 subsidiaries enter into a contract to have all or some authority in the management of the company or subsidiaries.

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

11.6 "Independent (free) view" means free expression of views or report of the assigned work without having to consider benefit concerning assets or positions and not falling under the influence of any parties, including no pressing circumstance that hinders the ability to properly express one's view.

Duties and Responsibilities

1. Review Aikchol's financial reporting to ensure accuracy and adequacy.
2. Review Aikchol's internal control system and internal audit system to ensure suitability and efficiency, determine Internal Audit's independence, as well as approving the appointment, transfer, dismissal of, and penalty to the chief of Internal Audit by jointly assessing the case with the highest-ranking management.
3. Review Aikchol's compliance with the law on securities and exchange, SET's regulations, and laws relating to Aikchol's business.



4. Review the suitability of the risk management system and risk management measures.
5. Review the accuracy and suitability of medical treatment standards.
6. Review 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-ups.
7. Review the evidence of internal investigation and report to the Board for consideration in case of suspected corrupt practices, irregularities, or major flaws in the internal control system.
8. Approve Internal Audit's charter.
9. Approve Internal Audit's annual audit plans.
10. Consider, select, and nominate an independent party as Aikchol's external auditor, and propose audit fees, as well as attending a non-management meeting with the external auditor at least once a year.
11. Review connected transactions or the transactions potentially leading to conflicts of interests, and ensure their compliance with the law and SET's regulations, sensibility, and maximum benefit of Aikchol.
12. Prepare a committee report for disclosure in Aikchol's annual report, to be countersigned by the Chairman and must contain at least the following information:
 - 12.1 Opinions on the accuracy, completeness, and creditability of Aikchol's financial reports.
 - 12.2 Opinions on the adequacy of Aikchol's internal control system.
 - 12.3 Opinions on compliance with the securities and exchange laws, SET's regulations, or laws related to Aikchol's business.
 - 12.4 Opinions on the suitability of the external auditor.
 - 12.5 Opinions on the transactions potentially leading to conflicts of interests.
 - 12.6 The number of the committee meetings, and the attendance of such meetings by each member.
 - 12.7 Opinion or overall comments received by the committee based on its performance under its charter.
 - 12.8 Other transactions that the shareholders and the general investors should be aware of, subject to the scope of Board-assigned duties and responsibilities.
 - 12.9 Other Board-assigned tasks, with the consent of the Audit Committee.
13. Other duties
 - 13.1 Review the charter of the Audit Committee annually to consider the necessity to change its responsibilities, recommend changes if necessary, and submit the case to the Board for approval.
 - 13.2 The Audit Committee may seek advice from independent external advisers if necessary, at Aikchol's expense.



In performing the above duties, the Audit Committee must be directly responsible to the Board, while the Board must be responsible to the public for the operation of Aikchol.

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 | Chairman |
| 2. | Mr. Vichai | Dhepchalerm | Member |
| 3. | Second Lt. Kitti | Toranin | Member |

Duties and Responsibilities

Nomination

1. Define recruitment policies, criteria, and procedures for directors and persons with the authority of management and submit them to the Board for approval.
2. Select and nominate qualified candidates in compliance with relevant rules and laws for the positions of directors, committee members, and persons with the authority of management, and submit them to the Board for consideration.

In nominating directors, the committee takes into account the experience in at least one major field for the Board (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, 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 and the committees command proper sizes and compositions, modify the sizes and compositions to suit the changing environment, and ensure that both of them consist of qualified, skilled, and experienced persons.
4. Disclose the recruitment policies and procedures in Aikchol's annual report.
5. Review and summarize suitable succession plans and continuous management for the positions of top executives annually and report to the Board for acknowledgment.

Remuneration

1. Define the remuneration policies, criteria, procedures as well as other benefits; recommend remuneration for top executives based on clear, transparent criteria and submit it to the Board for consideration.
2. Ensure that the directors and top executives receive proper remuneration in line with their duties and responsibilities.
3. Define the guidelines for performance assessment of the directors and the persons with the management authority for annual remuneration consideration.



4. Disclose the policy on remuneration consideration and remuneration in various forms, prepare a report on remuneration consideration with at least the details on targets, operation, and views of the committee in Aikchol's annual report.
5. Recommend suitable remuneration for the directors and committee members to the Board for consent before their submitting to the shareholders' meeting for approval.
6. Perform other Board-assigned acts.

2.2 Executive Committee

Board Meeting No. 286 of August 20, 2014, appointed an Executive Committee with a one-year term. Membership of the Executive Committee will end upon termination of directorship of Aikchol, resignation, death, or dismissal by Board resolution. When an executive director ends directorship before term completion, the Board will appoint a qualified director to replace him or her for only as long as the remaining term.

The Executive Committee currently consists of:

- | | | | |
|----|-----------------|-----------|---------------------------------|
| 1. | Mrs. Phortchana | Manoch | Chair of the Executive Director |
| 2. | Dr. Sucha | Nimmannit | Executive director |
| 3. | Mr. Sirichai | Manoch | Executive director |
| 4. | Mr. Sanit | Charkrit | Executive director |

Duties and Responsibilities

1. Define plans and operating plans based on the Board-assigned policies to meet Aikchol's objectives.
2. Define the core business structure of Aikchol, that is, medical treatment and its supporting units in compliance with the economic situations and competition, and submit this to the Board for approval.
3. Define business plans, budgets, management authority, and responsibility of each department and submit them to the Board for approval.
4. Approve financial operation within a Board-defined limit.
5. Maintain an internal control system to safeguard the capital of the shareholders and the assets of Aikchol.
6. Be responsible for the efficiency of the internal audit system, covering financial audit, operational audit, compliance audit, and managerial audit, especially risk management.
7. Be responsible for relevant third parties such as business partners and contractual parties to ensure joint profit and satisfaction, honoring of creditors' conditions, and stewardship of collaterals.
8. Exert stewardship of the development and promotion of a safe environment, a sound work environment, and a teamwork corporate culture.



9. Be responsible for the management of employees, who are valuable resources and Aikchol's success factor by recognizing their rights.
10. When witnessing any unethical or unlawful practice, monitor and report it to the Board or the Audit Committee.
11. Disclose performance data in the annual report as required by law and relevant regulations for transparency and good corporate governance.
12. Perform other Board-assigned tasks.

3. Nomination and appointment of directors and executives

3.1 Nomination and appointment of directors and independent directors

The Nomination and Remuneration Committee consists of three members, all are independent directors. The committee is assigned by the Board to screen qualified candidates for the post of directors and propose a list to the Board for consideration and approval. If the post is vacated because of reasons other than term completion, the resolution of the Board must consist of at least three-quarters of the votes of the remaining directors. If this is an appointment of new directors, the committee will submit a list of qualified candidates to the Board for consideration before forwarding it to the shareholders' meeting for approval.

Since independent directors must account for at least one-third of the Board, their nomination relies on the same process as that of the Board directors. The qualifications of independent directors are as stated under "Responsibilities of the Committees" in the annual report.

The Aikchol Board gives an opportunity for the shareholders to nominate persons with appropriate qualifications as directors.

The voting procedure is as follows:

1. One shareholder holds one vote per share
2. In electing directors, votes can be cast for individual candidates, or a collective vote cast for the entire numbers of directors to be elected, as the meeting sees 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), and the votes cast are indivisible.
3. Candidates with the highest votes are to be appointed directors up to the number open at the given meeting. If more candidates receive equal votes resulting to more number of directors than required, the Chairman of the meeting must cast a deciding vote.

If a post is vacated because of reasons other than term completion, at the next Board meeting the Board may elect a qualified person who without forbidden characteristics as a director in compliance with the Public Limited Company Act and the applicable law on securities and exchange, except when the remaining term of the



predecessor is less than two months. The resolution of the Board on this appointment must consist of at least three-quarters of the votes of the remaining directors.

6.4 Nomination and appointment of senior executives

In nominating senior executives from the levels of managing director, deputy managing director, to assistant managing director, the Executive Committee will screen candidates with all the qualifications required, such as knowledge, skills, and experience that are beneficial to the conduct of Aikchol's operation. That person should possess an in depth understanding of the business and the competencies to manage it to achieve the objectives and goals set by the Board. When everything is completed, it would be submitted to the Nomination and Remuneration Committee for consideration and then to the Board for approval.

4. Use of inside information

Exerting its control of the use of inside information under corporate governance, Aikchol stated in writing procedures to guide and make it a responsibility of its directors, executives, and employees. A policy on trading of company securities and the exploitation of information form part of Aikchol's code of conduct. Below are the guidelines:

1. All Aikchol employees must maintain internal data and documents that cannot be publicized, since they would lead to undue exploitation for themselves, family members, or associates.
2. Executives and employees of the units with the privilege of such inside information cannot engage in trading of Aikchol securities within one month before the publicity of the financial statements.
3. Directors' and executives' securities portfolios are disclosed as required by the Securities and Exchange Act or the announcement of the Capital Market Supervisory Board, or both. Directors and executives are to prepare and report their securities trading within one month of their initial appointment and within three days of every change to the Office of the SEC as well as the Company Secretary at the same time.
4. Aikchol requires all directors and executives to observe the regulations of SET and SEC on the preparation and disclosure of the portfolios of executives and the external auditor by disclosing their portfolio reports to SEC within 30 days of their appointment and within three days of each trading or transfer of securities. Failure to observe this would subject them to punishment under the Securities and Exchange Act B.E. 2535 (1992).

The Board has defined procedures and punitive measures in the company's work regulations to prevent employees' abuse of inside information for personal gains, which is in conflict with or may harm Aikchol's interests.



5. Audit fees

1. The audit fees for this year for Dharmniti Auditing Co., Ltd., equaled 850,000 baht.
2. There was no non-audit fee.

Corporate Social Responsibility

During the years, Aikchol has constantly laid down CSR Strategies on multiple projects. Doctors, nurses and all employee have all dedicated themselves to the projects , through their time, drug and medical supplies, medical and nursing knowledge, for the benefit of the people, including donation to assist children and youths.

The implementing guidelines for CSR Projects, involving coordination with local administration, foundations, and schools:

Charitable Events

- “Aikchol Blood” and “Donation of Blood for Better Lives” projects: Aikchol's employees and their families, in collaboration with the Thai Red Cross Society, provided blood donation, to public hospitals in Chon Buri and nearby provinces in need of blood or facing a shortage of blood due to accidents or emergencies. During the years, the activities were staged four times with 440 blood donors.

Health knowledge improvement projects

- Health knowledge improvement for children project: Aikchol encourages knowledge by staging lectures, first-aid training for children, such as the use of masks to prevent the spread of flu during outbreaks, the proper way of cleaning hands, as well as donation of sports equipment, drug, and medical supplies to establish good relations among teachers, lecturers, students, and the hospital.
- Project to take care of the health of local communities, in which doctors and nurses give talks on diseases, provide medical check-up services, blood pressure measurement, sugar level testing, and prevention guidelines for communicable diseases.
- Basic Cardio-Pulmonary Resuscitation project: Training provided by doctors and registered nurses as volunteers from foundations and the private sector on basic resuscitation methods. Incorrect procedures could cause death or physical disability to patients. Aikchol has constantly organized this annual activity for almost ten years.
- Meditation project: Aikchol encourages its employees to enroll in meditation courses to enhance concentration and increase work efficiency. This activity develops their spiritual foundation and instills morals so that the employees can perform their work by providing services with good awareness. In 2014, there were 258 participating employees and outsiders.

**Environmental responsibility**

In 2015, Aikchol will cooperate with the Department of Marine and Coastal Resources to officially launch activities consisting of planting mangroves, cultivating mangrove saplings, and rehabilitation of mangrove forests for a better landscape. The program is aimed at establishing a “green line” and bring marine lives such as crabs and fish back to nature, taking into account environmentally-friendly businesses.

Primary Quality Indicators of Aikchol Hospital Public Company Limited

KPI	Target	2012	2013	2014
1. Percentage of employee participation in the annual medical check-up program	100.00%	98.99%	99.11%	99.13%
2. Percentage of employees whose BMI ≥ 25	20.00%	18.00%	20.00%	26.22%

Anti-corruption

Aikchol puts in place a system of business management based on ethics, integrity, and social responsibility. The Board has agreed on an anti-corruption policy and is committed to be an anti-corruption ally by setting guidelines to prevent and eliminate corruption. The Board assigned the Audit Committee to review and to set up appropriate an effective system. It is Aikchol's conviction that a good system will reduce operational risks, spot faults in a timely manner, and define concise implementation of anti-corruption measures.

The implementing guidelines consist of:

1. Formulate policies to prevent and counter corruption by establishing risk assessment in various aspects and communicating to Aikchol's employees and outsiders to encourage Aikchol's social responsibility commitment.
2. Put in place procedures to control and prevent risks, such as regulations on procurement, disbursement of expenditure budget approval, for charitable donation, entertainment, and gifts, which must be recorded for transparency to prevent the abuse of Aikchol's properties.
3. Communicate policies to prevent and combat corruption to all departments within the Company via various channels such as employees' training, orientations, supervisor meetings, as well as communication via the intranet and Aikchol's website.
4. Aikchol provides channels for reporting any signs of corruption activities. If anyone witnesses violation, unlawful or unethical act, or non-compliance with Aikchol's policies which could lead to corruption, the Company will provide protection to individuals who provides relevant reports and will strive to prevent further harm to him or her.



5. The Audit Committee is responsible for reviewing and formulating annual plans to ensure that Aikchol exercises sufficient corporate governance in line with its policies.

Succession plans and nomination of senior executives

The Company has prepared succession plans and considered competent persons for senior executive positions. The executive nomination process is carried out according to the company's policy and conditions. Apart from expertise, qualified persons must be conscientious and smart, ready to upgrade skills, and must have experience in the relevant business. In addition, the leaders must have great vision and compliance with the company's missions. All of which are the key to the hospital's success.

Internal control and risk management

The Company values an efficient internal control system at all management and operating levels. The Board supervises and assigns the Audit Committee to ensure that the company commands a suitable and effective system. The Board recognizes that a good system would lessen business risks, mitigate operational risks to acceptable levels, and help detect shortcomings within a reasonable time frame. It would also lead to credible and accurate financial reports, and guide the Company to achieve its targets. reports to be accurate and credible and its business to achieve goals. Moreover, the Board has established written guidelines for the Audit Committee in compliance with corporate governance principles and the regulations of the stock exchange on the qualifications and work scope of audit committees.

Aikchol's Internal Audit unit was appointed to ensure that the company's core business and financial activities efficiently follow defined guidelines, and to audit compliance with the law and Aikchol's regulations. To ensure the independent nature of internal audit process, For auditing tasks with checks and balances, the Audit Committee has put in place defined Internal Audit charter and ensure overall understanding to all staff levers of the objectives, scope, authority, and responsibilities of internal audit. The Audit Committee is also required to submit audit reports to the Audit Committee and the Chairman of the Executive Committee.

The Company put strong emphasis on risk management by appointing Risk Management committee at both Aikchol and Aikchol 2 Hospital, with following responsibilities:

1. Define risk management policies in line with the hospital's quality improvement plans
2. Devise key guidelines or terms of reference to prevent and resolve hospital risks
3. Coordinate and acknowledge risk data from units, as well as other risk programs
4. Monitor and assess the hospital's risk management system



5. Submit a risk overview report together with problems and recommendations on risk prevention to the Hospital Leadership Committee
6. Compile and analyze different risk trends for reporting to the Executive Committee or related units to manage
7. Plan risk-related visits to various departments
8. Monitor and analyze risk data at various levels of the organization to prevent and plan qualitative system control.

At the Board Meeting No.288 on December 17, 2014, the Board assessed the internal control system based on the assessment form for system adequacy. All members of the Audit Committee agreed on the following assessment outcomes:

1. Organization and environment

Aikchol has defined a clear set of vision, mission, and values to drive the organization toward sustainability and excellence, and has defined clear goals, short-term and long-term strategic plans, as well as rewarding its personnel proportionally to their goal achievement. A suitable organizational structure is in place, as are explicit scopes of responsibility of the committees in their respective charters. Established are operating procedures that keep administration prudent, preventing abuse of company properties. Therefore Aikchol commands a sound organizational structure and environment, critical for an effective internal control system.

2. Risk management

Aikchol regularly assesses business risk factors (internal and external) and appointed a Risk Management committee, assigned with defining a risk management policy in line with the quality improvement plan; devising key guidelines or terms of reference to prevent and resolve risks; coordinating and acknowledging risk data from units and other risk programs; giving a key risk overview for every applicable program; monitoring the assessment of the risk management system; compiling and analyzing individual risk trends for reporting to the Audit Committee or relevant units to manage; and monitoring and analyzing assorted corporate risks to prevent and plan qualitative control. These duties are carried out in parallel with quality improvement under the HA standards, with continual surveillance by the Healthcare Accreditation Institute (Public Organization). Therefore, Aikchol commands adequately effective risk management to lower business risks to acceptable levels.

3. Control of the management

Aikchol has defined the scope, authority, approval levels, and maximum approval authority of the management in its manual on financial approval authority and scopes. Standard operating procedures are clearly stated in the business ethics manual for conflicts of interest of directors, executives, and employees. Every two months, a report on



management performance is submitted to the Board as a standing agenda item at its meeting.

4. Information system and communication

Aikchol's financial reports rely on an accounting policy that suits its business and follows generally acceptable accounting principles. The company also reports adequate critical information for the Board's decision-making and instituted an adequate information system as well as access control of information to maintain customers' confidential information under the declaration of patients rights. Its information collection system allows utilization for simple search. In addition, efficient internal and external communication channels are in place.

5. Monitoring

For freedom in its performance, Aikchol has appointed Internal Audit, reporting directly to the Audit Committee and responsible for auditing, assessing, and monitoring business against goal achievement in an efficient, effective, and economical way. It reports findings to the Audit Committee every two weeks.

On the whole, the Board concludes that Aikchol authorizes an adequate system for internal control of transactions with the major shareholder, directors, executives, and related parties. As for other topics of internal control, the Board holds the same view.

The Board has appointed Miss Taweeporn Kaewsailert chief of Internal Audit.

The Audit Committee has provided its views on the qualifications of the chief of Internal Audit as suitable for efficiently heading the unit. Under the Audit Committee Charter, dated June 19, 2013, the appointment, removal, transfer, and dismissal of the person must have the consent of the Audit Committee.



Summary of Financial Information

	(Unit :Thousand Baht)		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Summary of financial statements			
Total Revenues	1,524,512	1,395,467	1,287,468
Medical Service Income	1,494,598	1,370,615	1,264,007
Other Revenue	29,914	24,852	23,461
Cost of Medical Services	1,193,050	1,064,259	967,015
Gross Profit Margin	301,548	306,356	296,992
Administrative Expenses	105,260	93,944	96,535
Income tax Expenses	44,509	46,769	51,150
Net Profit	181,693	190,495	172,768
Basic Earnings Per Share (Baht)	1.21	1.27	1.15
Total Current Assets	564,681	444,798	346,922
Total Non-current Assets	889,434	854,543	841,102
Total Assets	1,454,115	1,299,341	1,188,024
Total Current Liabilities	167,487	136,905	138,949
Total Non-current Liabilities	46,783	36,518	41,057
Total Liabilities	214,270	173,423	180,006
Total Shareholders' Equity	1,239,845	1,125,918	1,008,018



	<u>2557</u>	<u>2556</u>	<u>2555</u>
Financial ratios			
Liquidity ratios			
Current Ratio (times)	3.37	3.25	2.50
Quick Ratio (times)	3.17	3.02	2.27
Cash Flow ratio (times)	1.39	1.65	1.57
Accounts Receivable Turnover (times)	24.15	23.83	24.73
Average Collection Period (days)	15.11	15.32	14.76
Inventory Turnover (times)	36.91	33.78	30.45
Average Inventory period (days)	9.89	10.81	11.99
Payable Turnover (times)	18.63	17.08	15.67
Average Payable Period (days)	19.59	21.37	23.29
Cash Cycle (days)	5.41	4.76	3.46
Profitability Ratios			
Gross Profit Margin Ratio (%)	20.18	22.35	23.50
Return on Medical Income (%)	12.16	13.90	13.67
Operating Margin Ratio (%)	13.13	15.50	15.86
Other Income Margin Income (%)	1.96	1.78	1.82
Cash Flow to Profit Margin Ratio (%)	107.58	107.22	107.58
Net profit on Sales (%)	11.92	13.65	13.42
Return on Equity (%)	15.36	17.85	18.48
Efficiency Ratios			
Return on Assets (%)	13.20	15.28	15.57
Return on Fixed Assets (%)	30.78	32.07	30.07
Fixed Assets Turnover (times)	1.11	1.12	1.16
Financial policy ratio			
Debt to Equity Ratio (times)	0.17	0.16	0.18



Management Discussion & Analysis

Business Overview

Aikchol operates two private hospitals: Aikchol 1 Hospital provides medical services to all general patients, and Aikchol 2 provides medical services to all general patients and patients with social security benefits. Most patients are regional residents, business owners, and employees of factories and plants in Chon Buri and Thailand's Eastern Region. The locations of Aikchol premises are in highly populated downtown areas and close to thriving industrial areas. With its well-known reputation for quality medical services, together with its fair and appropriate medical service charge policy, Aikchol has been growing continuously.

With spiraling demand for medical services evident in higher medical fees, a bigger population, medical promotion as a result of the public policy, the hospital business trend is quite healthy. Nevertheless, these obstacles significantly affect the profitability of Aikchol: more severe competition in the market, a lack of qualified medical personnel, and a continuous increase in service costs.

Performance and Profitability

Hospital Operating Revenue

This year, medical service operating revenue from both hospitals rose by Baht 123.98 million, a 9% increase from Baht 1,370.62 million last year to Baht 1,494.60 million, mostly accounted for by a rise of Baht 94.69 million or 9% from the medical services for general patients. The ratio between general patients and patients with social security benefits remains 77:23, the same ratio recorded last year.

A detailed descriptions of the two hospitals are as follows.

(1) Aikchol 1 Hospital earned Baht 74.60 million more this year, an increase of 8.5% of the revenue from Baht 899.21 million last year to Baht 973.81 million. The OPD patient number surged by 4.8%, while the IPD patient number dropped by 0.8%. The bed occupancy varies from month to month with an average of 70%. The IPD revenue rose with the average increase in medical fees per IPD patient, mainly due to the inauguration of the Cardiac Catheterization Lab in August 2013, providing laboratory work for cardiovascular diseases.

(2) Aikchol 2 Hospital's total revenue amounted to Baht 520.79 million this year, a rise of 10.5% or Baht 49.39 million from Baht 471.40 million last year. While the IPD patient number dropped by 0.3%, the OPD general patient number rose by 8.7%. The revenue from social security rose by Baht 29.30 million, equivalent to 9.1%. At the year-end, the numbers of patients with social security benefits stood at 148,515 and 148,447 for 2013 and 2014 respectively, against the quota limited by the Social Security Office at 130,000 plus 15%.



Other Revenues

Other revenues climbed by Baht 5.06 million from last year, a jump of 20.4% due to higher return at 1.85% per year from the short-term, high-liquidity government bond investment and the 2.55-3.25% return of the one-year debt-securities investment. The interest earned rose by Baht 1.11 million or 25.1% increase from the previous year. Another sizeable increase in earnings was Baht 1.62 million, or 22.1%, from hemodialysis service, a service whereby the revenue comes from space rental charge and number of patients.

Cost of Medical Treatment and Administrative Expenses

This year's total cost of medical treatment and administrative expenses for the two hospitals operated by Aikchol was Baht 1,298.31 million, a 12.1% increase or Baht 140.11 million more than last year, primarily due to higher costs of medical supplies and consumables, a Baht 30.12-million jump this year, equivalent to a 11.7% rise, Baht 35.39 million or a 13.3% rise in medical doctors' fees, and Baht 50.18 million or a 12.2% rise in human resources expenses. The 2014 preliminary profit was recorded at 20.2%, a drop from 23.2% from last year, due to the higher costs of medical treatment. However, when compared with the total annual income, the ratio of costs of medical treatment and administrative expenses per total annual income rose from 83.0% in 2013 to 85.2% in 2014, partially due to the continuous efforts of Aikchol in personnel and organizational development. Several reputable business consultants have been hired to put in place a personnel selection process, fair and transparent performance assessment, and a continuous personnel training and development program, clearly defined professional career advancement, and market-driven compensation and fringe benefit programs. These human resource expenses are major fixed costs to the business model, but must be maintained to ensure high-quality medical services.

Interest Expenses

Without any outstanding debt, Aikchol incurred no interest expense.

Income Tax

The corporate income tax fell by Baht 2.26 million from the previous year, equivalent to a 4.8% drop. The 2013-14 income tax is prorated to the annual profit for juristic persons at the 20% tax bracket.

Annual Net Profit

The net profit this year was Baht 181.69 million or Baht 1.21 per share, a 4.6% or Baht 8.80 million down from last year, when the net profit per share was Baht 1.27.

Total Annual Net Profit

This year, the total annual net profit rose by Baht 16.95 million, an 8.8% gain from last year, mainly because of the higher book value of the potential asset divestiture – Bangkok Dusit Medical Services Public Company Limited - at the end of 2014.



Asset Management Capability

Balance Sheets

Assets

Significant changes to the assets and their quality as of December 31, 2014, included the following.

- Baht 166.87 million of cash and cash equivalent, a drop by Baht 99.21 million, corresponding to the financial plan to lower cash-in-hand and invest in short-term higher returns.
- Baht 221.16 million short-term investment, up from Baht 170.84 million in 2013, in one-year debt-security mutual funds with an average return of 2.55%.
- Baht 63.39 million account receivable, up from Baht 4.93 million, including Baht 56.30 million current account receivable, up by Baht 7.80 million from last year, with an average collection period of 15 days. These high-quality debtors are government agencies, insurance and life insurance companies, and firms with contracts with Aikchol to provide medical services for their employees. Nevertheless, Aikchol has continuously reviewed its allowance for doubtful accounts and write-offs at every quarter under the regulated financial reporting standard.
- Long-term investment in securities for sale: Baht 114.67-million book value at the end of 2014 of the shares of Bangkok Dusit Medical Services Public Company Limited.
- Baht 33.42-million inventory, Baht 2.18 million up from last year, including inventories of medicines and medical supplies, Baht 2.44 million or 9.4% more than last year for the higher number of patients, and a drop by Baht 0.26 million or by 4.8% of consumables. With the average turn-around period of all inventories at only 10 days and because all inventories are of good quality and actively circulated, there is no need to set up an allowance for deteriorated and expired inventory.
- Aikchol maintains records of all tangible fixed assets including repairs and modifications, tools and equipment, and medical devices, under generally acceptable accounting principles. Depreciation is applied at the optimal economic value under the regulations. A total of Baht 47.44 million of tangible fixed assets were added this year, mainly for OPD facility improvement and upgraded to become a Premium Clinic, ICU modification, and medical device investment, including surgery beds, IABC (Intra-aortic Balloon Counterpulsation), ambulance and others.



Liabilities and Sources of Fund

Suitable Capital Structure

Aikchol's financial structure is solid, with a ratio of liabilities per share of the shareholders at year-end standing at 0.15 and 0.17 for 2013 and 2014 respectively, while five other major listed hospitals on SET (Stock Exchange of Thailand) hold an average ratio of 0.70. This very low ratio, when compared with other peers in the group, demonstrates a relative conservative financial management policy and a high potential for financial funding from any financial institutions for its future capital investment.

Liabilities

Aikchol is totally free of short-term or long-term loans. Nearly all of the liabilities are account payables, which are always paid under clear schedules. The non-current liabilities include Baht 30.52 million in estimated retirement employee benefits and Baht 16.27 million in deferred liabilities recorded under the new accounting principle.

Shareholders' Equity

The total shareholders' equity at the end of 2013 and 2014 amounted to Baht 1,125.92 million and Baht 1,239.85 million. The continuous rise in shareholders' equity is obviously derived from Aikchol's consistent profit-making and increases of other components in the shareholding structure, including profits estimated by cash accruals of Baht 89.97 million and Baht 60.61 million respectively.

Liquidity and Capital Adequacy

Cash Flow

Aikchol's total bank savings and current investment stood at Baht 388.03 million at the end of 2014, adequate for all account payables under the payment schedules, including the corporate income tax, dividends, and others without a need for loans. The current investment covers investment allocated for medical devices and equipment, along with service facility expansion to maintain efficiency and modernization in service for the rising number of patients.

Key Current Ratios

Aikchol's current ratios for 2013 and 2014 were 3.25 and 3.37 respectively, while the quick ratios were 3.02 and 3.17 respectively for the same period. These and other financial ratios clearly demonstrate the continuous improvement in Aikchol's liquidity and high potential to handle short-term and current financial obligations.

Liability Obligations and Off-Balance Sheet Liability Management

As of December 31, 2014, Aikchol was under an outstanding bank guarantee with one commercial bank for the use of electricity provided by the Provincial Electricity Authority and a guarantee with the Social Security Office, backed by Aikchol's fixed account of Baht 13.15 million. Other liability obligations included Baht 8.01 million scheduled payments for building construction and modification along with medical



devices and equipment, and Baht 1.31 million minimum deferred payment on a three-year lease of computers and accessories.

Primary and Influential Factors Affecting Operating Performance and Future Financial Status

With its location in downtown and main industrial zones of Chon Buri, most of Aikchol's customers are owners and workers of factories and plants in Chon Buri and nearby provinces. The continuous growth of industries in the region is the main drive for the customer base expansion, as more migration of workers has become inevitable. In contrast with the above-mentioned advantages, the disadvantages include continuous rise in business competition, which have become more and more severe. A number of new, sizeable private competitors and government hospitals with service upgrades, as well as specialized medical institutions and off-hour (evening) medical clinics, have eroded more and more market share and become new choices for middle-class customers. These are main challenges to Aikchol.

In addition to hospital market competition, all domestic hospitals have been facing tough challenges, including a shortage of medical personnel and nurses. Production of these highly qualified medical personnel relies on the government. Retaining highly qualified medical personnel, even at high operating costs, is therefore essential.

Under the current economic conditions where household debts are high, a higher number of patients with social security benefits is inevitable, and so are the higher costs and burden to Aikchol. Higher salaries and compensation to all staff to retain knowledgeable and capable personnel, and higher costs of medicines, medical supplies and utilities, and so on, are equivalent to inflation-based price hikes. Moreover, higher costs of medical treatment incurred to Aikchol are borne by the Supra Contractor, a transfer of patients with social security benefits to other higher capable hospitals for complex, severe medical treatments. This also incurs higher costs to Aikchol that are not reimbursable from the Social Security Office under the fixed income turn-key agreement between Aikchol and the Social Security Office. This non-linear relationship between fixed income turn-key agreements and the ever-rising number of patients with social security benefits is another key factor affecting Aikchol's operating performance, particularly Aikchol 2 Hospital in the future.



Report of the Audit Committee

At its No. 287 meeting on October 15, 2014, the Board of Directors of Aikchol Hospital Company appointed Asso.Prof.Dr. Atirek Chivabongs Board director, independent director, and member of the Audit Committee in the place of Prof. Dr. Sawaek Weerakiet, who had resigned on September 1, 2014.

The current Audit Committee consists of:

- | | | | |
|----|----------------------|-------------|----------|
| 1. | Mr. Vichai | Dhepchalerm | Chairman |
| 2. | Second Lt. Kittti | Toranin | Member |
| 3. | Dr. Krisada | Banchuin | Member |
| 4. | Asso.Prof.Dr. Atirek | Chivabongs | Member |

All four members are independent directors, one of whom is knowledgeable about finance and accounting. Mr. Sirichai Manoch serves as secretary to the committee.

This year the committee met 12 times at Aikchol Hospital and another 12 times at Aikchol 2 Hospital to carry out their duties under the Board assigned scope and responsibilities and under the requirements of SET together with an announcement of the Office of the Securities and Exchange Commission (SEC).

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

1. AHC has established accurate, complete, and credible financial reports.
2. AHC commands a suitable and adequate internal control system.
3. AHC complies with securities and exchange laws, SET's requirements, and applicable laws governing its business.
4. AHC's external auditor is suitable, skillful, and independent.
5. Accurately and completely in place are data for related transactions or transactions leading to potential conflicts of interest.
6. The committee's composition, qualifications, and performance under its scope of authority, duties, and responsibilities are compatible with its own charter.
7. Corporate governance is advocated by this committee to enable the shareholders and employees to serve as whistle blowers for complaints and suspicious items of financial reports or the internal control system. They can reach the Audit Committee and executives directly as stated in AHC's code of conduct or by E-mail at cg@aikchol.com.

The Audit Committee has selected an external auditor (Dharmniti Auditing Co., Ltd.) and decided its audit fees (875,000 baht) for 2015, which is being tabled for the Board to seek the shareholders' approval at the 2015 annual general meeting of shareholders.

On behalf of the Audit Committee

Mr. Vichai Dhepchalerm
Chairman, Audit Committee
January 21, 2015



Responsibilities of the Board for the Financial Reports

The Board of Directors of Aikchol Hospital are responsible for financial statements and financial information revealed in this annual report prepared in accordance to Thai generally accepted accounting standards. The Company applies proper accounting policies on a consistent basis with utmost discretion on judgement and estimation.

The Board establishes and maintains an effective financial internal control system to reasonably ensure that its accounting reports are correct, complete, and sufficient for protecting the hospital's assets. The system could also identify weaknesses within the organization, in order to prevent any irregularity or significant business misconduct.

The Board has appointed the Audit Committee, which comprises non-management members, to take charge of the quality of financial reports and financial internal control system. The recommendations of Audit Committees have appeared in this annual report.

Considering the management structure and the internal control system as well as the findings of the certified external auditor, the Board believes that information involving financial status, business performance, and cash flow presented in Aikchol's financial statements as of December 31, 2014, are essentially and reasonably accurate under generally accepted accounting principles.

Mr. Apirag Vanich
Chairman of the Board

Mrs. Phortchana Manoch
Chair of the Executive Committee



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**



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, 2014, 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 was presented fairly, in all material respects. The financial position of Aikchol Hospital Public Company Limited as of December 31, 2014, and the financial performance and its cash flows for the year then ended in accordance with the Financial Reporting Standards.

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

Dharmniti Auditing Company Limited
Bangkok, Thailand
February 9, 2015
2015/069/0275



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

		<u>ASSETS</u>	
		Baht	
	Note	2014	2013
Current assets			
Cash and cash equivalents	6	166,867,525	266,079,421
Current investments	7	221,159,100	50,315,000
Trade accounts receivable	8	63,390,145	58,462,447
Accrued income		77,127,544	35,220,987
Inventories	9	33,416,461	31,233,666
Other current assets		2,720,045	3,486,706
Total current assets		564,680,820	444,798,227
Non-current assets			
Fixed deposit pledge as collateral	7	14,888,092	14,424,000
Long-term investment	7	114,666,552	78,333,255
Property, plant and equipment	10	750,753,683	754,963,381
Intangible assets	11	,071,774	6,770,626
Other non-current assets		54,190	52,050
Total non-current assets		889,434,291	4,543,312
Total assets		1,454,115,111	299,341,539

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, 2014

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Baht	
		2014	2013
Current liabilities			
Trade accounts payable		66,377,502	61,673,219
Other payable		3,762,108	2,400,263
Accrued expenses		67,352,811	45,104,409
Accrued income tax expenses		17,848,316	20,039,105
Other current liabilities	14	12,145,739	7,687,511
Total current liabilities		167,486,476	136,904,507
Non-current liabilities			
Employee benefits obligation	15	30,517,844	26,935,370
Deferred tax liabilities	12	16,265,356	9,582,911
Total non-current liabilities		46,783,200	36,518,281
Total liabilities		214,269,676	173,422,788

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, 2014

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Baht	
	2014	2013
Shareholders' equity		
Share capital		
Authorised share capital		
150,000,000 ordinary shares of Baht 1 each	150,000,000	150,000,000
Issued and paid-up share capital		
149,909,264 ordinary shares of Baht 1 each	149,909,264	149,909,264
Share premium	74,000,000	74,000,000
Retained earnings		
Appropriated to legal reserve	14,990,926	12,500,000
Unappropriated	910,972,000	828,602,880
Other components of equity		
Unrealised gain on long-term investments	89,973,245	60,906,607
Total shareholders' equity	1,239,845,435	1,125,918,751
Total liabilities and shareholders' equity	1,454,115,111	1,299,341,539

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, 2014

		Baht	
	Note	2014	2013
Revenues			
Medical service income		1,494,598,442	1,370,615,101
Other income	18	29,913,713	24,851,604
Total revenues		1,524,512,155	1,395,466,705
Expenses			
Cost of medical services		1,193,049,500	1,064,259,369
Administrative expenses		76,569,222	69,249,245
Directors and management's remuneration	21	28,691,250	24,693,850
Total expenses		1,298,309,972	1,158,202,464
Profit before income tax expenses		226,202,183	237,264,241
Income tax expenses	13	44,509,088	46,769,145
Profit for the year		181,693,095	190,495,096
Other comprehensive income			
Gain from long-term investments		36,333,297	2,666,664
Gain (loss) from changing actuarial estimates		(1,476,811)	-
Income tax relating component for other comprehensive income		(6,971,298)	(533,333)
Other comprehensive income for the year		27,885,188	2,133,331
Total comprehensive income for the year		209,578,283	192,628,427
Basic earnings per share (Baht per share)	24	1.21	1.27

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, 2014

		Baht					
		Issued and paid-up Share capital	Share premium	Retained earnings		Other components equity	Total
	Note			Appropriated to legal reserve	Unappropriated	Unrealised gain From long-term investment	shareholders' equity
Beginning balance as at January 1, 2014		149,909,264	74,000,000	12,500,000	828,602,880	60,906,607	1,125,918,751
Legal reserve	16	-	-	2,490,926	(2,490,926)	-	-
Dividend	23	-	-	-	(95,651,599)	-	(95,651,599)
Total comprehensive income for the year		-	-	-	181,693,095	-	181,693,095
Other comprehensive income-net from income tax							
Gain (loss) on long-term investment		-	-	-	-	29,066,638	29,066,638
Gain (loss) from changing acturial estimates		-	-	-	(1,181,450)	-	(1,181,450)
Balance at December 31, 2014		149,909,264	74,000,000	14,990,926	910,972,000	89,973,245	1,239,845,435
Beginning balance as at January 1, 2013		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	22, 23	24,909,264	-	-	-	-	24,909,264
Total comprehensive income for the year		-	-	-	190,495,096	-	190,495,096
Dividend	25	-	-	-	(99,637,088)	-	(99,637,088)
Other comprehensive income-net from income tax							
Gain (loss) on long-term investment		-	-	-	-	2,133,331	2,133,331
Balance at December 31, 2013		149,909,264	74,000,000	12,500,000	828,602,880	60,906,607	1,125,918,751

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, 2014

	Baht	
	2014	2013
Cash flows from operating activities		
Profit for the year	181,693,095	190,495,096
Adjustment to reconcile net profit (loss) to net cash provided by (used in) operating activities		
Depreciation and amortisation	52,513,302	51,511,602
Interest income	(5,533,539)	(4,421,930)
Bad debt written off and allowance for doubtful accounts	(463,130)	308,361
Loss on sale of fixed assets	419,284	205,145
Loss on assets written off	622,230	921,552
Dividend income	(1,333,332)	(1,199,999)
Employee benefits obligation cost	6,065,923	5,123,283
Income tax expense	44,509,088	46,769,145
Net profit (loss) provided by operating activities before changes in operational assets and liabilities	278,492,921	289,712,255
(Increase) decrease in operational assets		
Trade accounts receivable	(4,464,567)	(4,579,011)
Accrued income	(41,906,034)	(4,424,177)
Inventories	(2,182,796)	(154,919)
Other current assets	766,660	(793,619)

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



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2014

	Baht	
	2014	2013
Increase (decrease) in operational liabilities		
Trade accounts payable	4,704,283	134,426
Accrued expenses	22,248,402	2,420,244
Other current liabilities	4,458,228	(380,485)
Employee benefits abigation	(3,960,260)	(4,551,570)
Cash flows received operating activities	258,156,837	277,383,144
Income tax paid	(46,988,729)	(49,630,905)
Net cash provided by operating activities	211,168,108	227,752,239
Cash flows from investing activities		
Interest received	5,533,017	4,351,219
Dividend received	1,333,332	1,199,999
Increase in current investments	(170,844,100)	(50,000,000)
Increase in other non-current assets	(2,140)	-
Increase in fixed deposit pledge as collateral	(464,092)	(2,084,000)
Purchase of land, plant and equipment	(46,077,476)	(68,529,024)
Purchase of intangible assets	(427,646)	-
Sale of equipment	70,700	199,949
Net cash used in investing activities	(214,728,405)	(114,861,857)
Cash flows from financing activities		
Dividends paid	(95,651,599)	(74,727,824)
Net cash used in financing activities	(95,651,599)	(74,727,824)

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, 2014

	Baht	
	2014	2013
Net increase in cash and cash equivalents	(99,211,896)	38,162,558
Cash and cash equivalents at beginning of year	266,079,421	227,916,863
Cash and cash equivalents at end of year	166,867,525	266,079,421

Supplementary disclosure for cash flows information :-

Supplementary non - monetary item

Stock dividend	-	24,909,264
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Notes to financial statements form an intergral part of these statements.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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, Choburi and a branch is at 31/2 Moo 3, Tambol Samed, Amphoe Muang, Choburi. The Company operates in Choburi 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, 2014

3. ACCOUNTING STANDARDS EFFECTIVE FOR USING IN CURRENT YEAR

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of the accounting standards and financial reporting standards revised 2012, and the new issued of accounting standards interpretations and financial reporting standards interpretations of which they are effective for using in the periods beginning on or after January 1, 2014, 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
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 36 (revised 2012)	Impairment of Assets
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



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2014

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 management of the Company has assessed the effects of the above accounting standards, and believes that they do not have any significant impact on the financial statements for the current year.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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.

4.2 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.

4.3 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.

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2014****4.4 Investment**

Investment in debt securities which the Company intent and able to hold investment in debt securities to maturity is classified in current investment. Investment in debt securities is stated at amortisation cost net from impairment loss (if any). Interest income is recognized by using the effective interest rate method in statement of comprehensive income.

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.

4.5 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.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2014

4.6 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

4.7 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.

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.

4.8 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

4.9 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.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2014

4.10 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.

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.

4.11 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.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2014

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.

Others income

Others income is recognised on an accrual basis.

4.12 Expense

Expenses are recognised on an accrual basis.

4.13 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.

4.14 Income tax

Current tax

The Company records income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates at 20% of 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.

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2014**

Deferred tax assets and liabilities are measured at the tax rates that the Company expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

Thus, the Company offsets deferred tax assets and deferred tax liabilities for presentation in the statement of financial position, rather than presenting them separately. The Company reclassified deferred tax assets and deferred tax liabilities items in the financial statements for the year ended December 31, 2013 in order to conform to the presentation in the financial statements for the year 2014.

5. SEASONAL OPERATION

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

6. CASH AND CASH EQUIVALENTS

Consisted of :-

	Baht	
	2014	2013
Cash on hand	3,351,295	7,025,023
Cash at bank - savings accounts and current accounts	73,707,222	140,173,188
Fixed deposits	100,000	100,000
Short-term investment not over 3 months	89,709,008	118,781,210
Total	166,867,525	266,079,421

As at December 31, 2014 and 2013, cash at bank-savings accounts have interest at the floating rates at 0.38% and 0.63%, respectively and fixed deposits interest are set by the bank at the rates of 1.13% per annum and 1.45% per annum, respectively.

As at December 31, 2014 and 2013, short-term investment is investment in government securities money market mutual funds with high liquidity which has return at the rate of 1.85% and 2.37%, respectively. Investment units are stated at fair value.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2014

7. INVESTMENTS

Consisted of :-

	Baht	
	2014	2013
Current investment		
Mutual fund fixed income (hold to maturity within 1 year)		
3 months	100,354,000	50,315,000
6 months	100,570,500	-
12 months	20,234,600	-
Total	221,159,100	50,315,000
Fixed deposit pledge as collateral		
Fixed deposit pledge as collateral	14,888,092	14,424,000
Total	14,888,092	14,424,000
Long-term investment		
Equity security available for sale	114,666,552	78,333,255
Total	114,666,552	78,333,255

As at December 31, 2014 and 2013, investment in mutual fund fixed income which the Company intends to hold to maturity within 1 year and has return at the rate of 2.55% per annum and 3.25% per annum, respectively.

As at December 31, 2014 and 2013, fixed deposits in the amount of Baht 14.89 million and 14.42 million, has interest rate at 3.25% per annum, are pledged as collateral for the letters of guarantee issued by a commercial bank.

As at December 31, 2014 and 2013, the Company invests in available for sale securities. Investment units are stated at fair value.

Equity security available for sale consisted of:-

	Holding of interest (%)		Million Baht			
	2014	2013	2014		2013	
			Cost	Market value	Cost	Market value
Bangkok Dusit Medical Services Plc.	0.06	0.06	2.20	114.67	2.20	78.33
<u>Add unrealised gain from revaluation of security</u>			112.47		76.13	
Total			114.67		78.33	



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

DECEMBER 31, 2014

8. TRADE ACCOUNTS RECEIVABLE

Consisted of :-

	Baht	
	2014	2013
Within credit terms	56,303,481	48,502,049
Overdue:		
Less than 3 months	4,333,976	5,609,831
3-6 months	2,658,561	3,952,541
6-12 months	305,585	1,101,295
Over 12 months	410,474	580,064
	64,012,077	59,745,780
<u>Less</u> allowance for doubtful accounts	(621,932)	(1,283,333)
Net	63,390,145	58,462,447

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

During the year 2014 and 2013, the Company reversed and wrote bad debts off in the amount of Baht 0.20 million and Baht 0.14 million, respectively. The Company has considerate that they will not able to collect the money from all those receivable accounts.

9. INVENTORIES

Consisted of :-

	Baht	
	2014	2013
Medicine and medical supplies	28,369,894	25,931,420
Supplies	5,046,567	5,302,246
Total	33,416,461	31,233,666



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2014

10. PROPERTY, PLANT AND EQUIPMENT

Consisted of :-

	Baht				
	Balance per book as at Dec. 31, 2013	Additions	Transfer in (Transfer out)	Deductions	Balance per book as at Dec. 31, 2014
<u>Cost</u>					
Land	88,160,300	-	-	-	88,160,300
Buildings and building improvement	772,505,981	-	17,945,298	(2,398,524)	788,052,755
Medical equipment	231,494,370	14,129,080	(3,900)	(2,367,762)	243,251,788
Furniture and fixture	53,001,019	1,398,930	(794)	(429,643)	53,969,512
Office equipment	55,990,599	2,584,022	4,232,344	(1,684,412)	61,122,553
Vehicles	19,366,642	355,000	2,743,000	(1,486,177)	20,978,465
Assets under construction and installation	1,601,420	28,972,289	(24,915,948)	-	5,657,761
Total	1,222,120,331	47,439,321	-	(8,366,518)	1,261,193,134
<u>Less accumulated depreciation</u>					
Buildings and building improvement	249,326,605	22,940,291	-	(1,519,314)	270,747,582
Medical equipment	127,754,627	17,911,537	(2,554)	(2,239,431)	143,424,179
Furniture and fixture	39,779,398	3,396,313	573	(421,751)	42,754,533
Office equipment	39,634,994	4,846,018	1,981	(1,587,633)	42,895,360
Vehicles	10,661,326	1,442,645	-	(1,486,174)	10,617,797
Total	467,156,950	50,536,804	-	(7,254,303)	510,439,451
Net	754,963,381				750,753,683

	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

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2014**

Depreciation of the plant and equipment for the years ended December 31, 2014 and 2013 which were included in cost of medical services and administrative expenses, consisted of :-

	Baht	
	2014	2013
Cost of medical services	42,467,114	41,629,966
Administrative expenses	8,069,690	7,995,690
Total	50,536,804	49,625,656

As at December 31, 2014 and 2013, certain equipment and vehicle items of the Company have been fully depreciated but are still in use of cost in amount of Baht 164.66 million and Baht 143.26 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, 2014 and 2013 of approximately amounted of Baht 570.29 million and Baht 576.49 million, respectively.

As at December 31, 2014 and 2013, the Company covered All Risks Insurance Policy (ARIP) with an insurer for a total insured value of approximately Baht 1,172.59 million and Baht 1,123.94 million, respectively. The ARIP is renewed on an annual basis and a portion of proceeds from insurance claims under the ARIP.

During the year 2014, the Company invested in buildings and building improvement with its equipment in the total amount of Baht 14.44 million such as Premium Clinic and ICU improvement of Baht 11.50 million, skywalk of Baht 0.72 million, invested in medical equipment of Baht 10.05 million such as surgical bed of Baht 2.30 million, Intra-aortic balloon pump of Baht 2.40 million. Moreover, the Company purchased vehicle of Baht 3.10 million. The Company sold off fixed assets to other person and disposed many items of fixed assets from its account at the cost of Baht 2.39 million and Baht 5.98 million, respectively, the net book value of them are Baht 0.49 million and 0.62 million, respectively.

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.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2014

11. INTANGIBLE ASSETS

Consisted of :-

	Baht			
	Balance per	Additions	Transfer in	Balance per
	book as at		(Transfer out)	book as at
	Dec. 31, 2013			Dec. 31, 2014
<u>Cost</u>				
Computer software	23,555,187	4,277,646	-	27,832,833
<u>Less</u> accumulated amortisation	16,784,561	1,976,498	-	18,761,059
Net	6,770,626			9,071,774

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

Amortisation of intangible assets for the years ended December 31, 2014 and 2013, which were included in cost of medical services and administrative expenses, consisted of :-

	Baht	
	2014	2013
Cost of medical services	1,221,816	1,174,492
Administrative expenses	754,682	711,454
Total	1,976,498	1,885,946

As at December 31, 2014 and 2013, 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 6.55 million, respectively.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2014

12. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and deferred tax liabilities for the year ended December 31, 2014 and 2013 are summarized as follows:

	Baht			
	Balance as at	Revenue (expenses) during the		Balance as at
		year		
	Dec. 31, 13	In profit or loss	In other comprehensive income	Dec. 31, 14
Deferred tax assets:				
Trade account receivables	256,667	(132,281)	-	124,386
Provisions for employee benefits	5,387,074	421,133	295,362	6,103,569
Total	5,643,741	288,852	295,362	6,227,955
Deferred tax liabilities:				
Unrealized gain on remeasuring available for sale				
Investments	(15,226,652)	-	(7,266,659)	(22,493,311)
Total	(15,226,652)	-	(7,266,659)	(22,493,311)
Deferred tax assets (liabilities)-net	(9,582,911)			(16,265,356)

	Baht			
	Balance as at	Revenue (expenses) during the year		Balance as at
	Dec. 31, 12	In profit or loss	In other comprehensive income	Dec. 31, 13
Deferred tax assets:				
Trade account receivables	223,470	33,197	-	256,667
Provisions for employee benefits	5,272,731	114,343	-	5,387,074
Total	5,496,201	147,540	-	5,643,741
Deferred tax liabilities:				
Unrealized gain on remeasuring available for sale				
Investments	(14,693,319)	-	(533,333)	(15,226,652)
Total	(14,693,319)	-	(533,333)	(15,226,652)
Deferred tax assets (liabilities)-net	(9,197,118)			(9,582,911)



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2014

13. TAX EXPENSE (INCOME)

13.1 Major components of tax expense (income)

For the year ended December 31, 2014 and 2013 consisted of:

	Baht	
	For the years end December 31,	
	2014	2013
Income tax expense (income) shown in profit or loss :		
Current tax expense:		
Income tax expense for the year	44,797,940	46,916,685
Deferred tax expense (income):		
Changes in temporary differences relating to the original recognition and reversal	(288,852)	(147,540)
Total	44,509,088	46,769,145
Income tax relating to components of other comprehensive income:		
Deferred tax relating to:		
Remeasuring available for sale investments	7,266,660	533,333
Loss from remeasuring actuarial estimates	(295,362)	-
Total	6,971,298	533,333

13.2 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, 2014 and 2013 which are summarized as follows:

	Baht	
	For the years end December 31,	
	2014	2013
Accounting profit for the year	226,202,183	237,264,241
The applicable tax rate (%)	20%	20%
Tax expense (income) at the applicable tax rate	45,204,437	47,452,848



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2014

	Baht	
	For the years end December 31,	
	2014	2013
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses not allowed as expenses in determining taxable profit	98,330	76,400
Tax effect of income or profit that are not required in determining taxable profit:		
Exemption of non - taxable dividend income	(266,666)	(240,000)
Other	(563,013)	(520,103)
Total reconciliation items	(731,349)	(683,703)
Total tax expense (income)	44,509,088	46,769,145

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

For the year ended December 31, 2014 and 2013 are summarized as follows:

	Baht			
	2014		2013	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	226,202,183		237,264,241	
Tax expense at the applicable tax rate	45,240,437	20.00	47,452,848	20.00
Reconciliation items	(731,349)	(0.32)	(683,703)	(0.29)
Tax expense at the average effective tax rate	44,509,088	19.68	46,769,145	19.71

14. OTHER CURRENT LIABILITIES

Consisted of :-

	Baht	
	2014	2013
Accrued dividend payment	875,720	596,045
Withholding tax	4,204,382	1,786,341
Advance received	4,600,479	3,073,594
Retention payable	775,271	742,841
Others	1,689,887	1,488,690
Total	12,145,739	7,687,511



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2014

15. EMPLOYEE BENEFITS OBLIGATION

The statements of financial position

	Baht	
	2014	2013
For the year ended December 31		
Defined benefits obligation at January 1,	26,935,370	26,363,657
Benefits paid by the plan	(3,960,260)	(4,551,570)
Current service and interest costs	6,065,923	5,123,283
Actuarial loss	1,476,811	-
Defined benefits obligation at December 31,	30,517,844	26,935,370

Expenses recognised in statements of comprehensive income

	Baht	
	2014	2013
For the year ended December 31		
Current service cost	5,141,120	4,228,683
Interest on obligation	924,803	894,600
Total	6,065,923	5,123,283

Principal actuarial assumptions at the reporting date

	%	
	2014	2013
Discount rate	3.4242	3.3933
Salary increase rate	6	5
Employee turnover rate	8 - 22	8-23
Disability rate	5*	5*

* reference to mortality rate in B.E. 2008



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2014

16. 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.

17. 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.

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.

18. OTHER INCOME

Consisted of :-

	Baht	
	2014	2013
Revenue from sales of food and beverages	5,680,817	5,010,580
Revenue from sharing of kidney hemodialysis	8,923,500	7,308,600
Rental space income	3,023,331	2,449,346
Interest income	5,533,539	4,421,930
Others	6,752,526	5,661,148
Total	29,913,713	24,851,604



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2014

19. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2014 and 2013 are as follow:-

	Baht	
	2014	2013
Personnel	460,735,346	410,559,317
Doctor fee	302,398,004	267,006,046
Medicine, medical supplies and supplies	288,643,437	258,534,970
Depreciation and amortisation	52,513,302	51,511,602
Others	194,019,883	170,590,529
Total	1,298,309,972	1,158,202,464

20. 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, 2014 and 2013 in the amount of to Baht 4.04 million and Baht 3.69 million, respectively.

21. 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.

22. SHARE CAPITALYear 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.

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2014****23. DIVIDENDS**Year 2014

At the ordinary shareholders' meeting held on April 18, 2014, the shareholders approved the appropriation of dividend from operating results of 2013 of Baht 0.64 per share, 149.91 million shares, amounting to Baht 95.65 million. The dividend will be proposed to pay to shareholders on May 8, 2014.

Year 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.

24. 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.

	2014	2013
Profit for the year (Baht)	181,693,095	190,495,096
Weighted average number of ordinary share (Shares)	149,909,264	149,909,264
Earnings per share (Baht per share)	1.21	1.27



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2014

25. 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, 2014 and 2013, the Company's debt-to-equity ratio was 0.17 : 1 and 0.16 : 1, respectively.

26. FINANCIAL INSTRUMENTS

26.1 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.

26.2 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.

26.3 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.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2014

26.4 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.

26.5 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.

27. COMMITMENTS WITH NON-RELATED PARTIES

As at December 31, 2014 and 2013, the Company has commitments as follows :-

		Baht	
		2014	2013
27.1	Letters of guarantee issued by a commercial bank to the		
	government unit and the state enterprise.	13,154,000	13,063,000
27.2	Construction and equipment installation agreements	8,010,741	5,902,740
27.3	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	1,213,765	2,745,153
	Payable within 2 to 3 years	101,147	1,314,912
		1,314,912	4,060,065

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2014****28. 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, 2014, 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 Court will not cause damage to the Company. Then the Company does not consider an allowance for losses that may occur in the financial statement.

29. RECLASSIFICATION

Certain amounts in the financial statements have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

Statement of financial position as at December 31, 2013

	Baht		
	Before Reclassification	Reclassification	After Reclassification
Deferred tax assets	5,643,741	(5,643,741)	-
Deferred tax liabilities	(15,226,652)	5,643,741	(9,582,911)

The Company has not reclassified the accounts in the statement of financial position as at January 1, 2013.

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2014**Statement of comprehensive income for the year ended December 31, 2013

	Baht	
	As reclassified	As previously report
Cost of medical services	1,064,259,369	1,052,365,838
Administrative expenses	69,249,245	81,142,776

30. THE NEW AND REVISED ACCOUNTING STANDARDS ARE NOT YET EFFECTIVE IN THE CURRENT YEAR

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, 2015 are as follows:

TAS 1 (revised 2014)	Presentation of Financial Statements
TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of Cash Flows
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2014)	Events After the Reporting Period
TAS 11 (revised 2014)	Construction Contracts
TAS 12 (revised 2014)	Income Taxes
TAS 16 (revised 2014)	Property, Plant and Equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee Benefits
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2014)	Borrowing Costs

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2014**

TAS 24 (revised 2014)	Related Party Disclosures
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2014)	Separate Financial Statements
TAS 28 (revised 2014)	Investments in Associates And Joint Ventures
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2014)	Earnings Per Share
TAS 34 (revised 2014)	Interim Financial Reporting
TAS 36 (revised 2014)	Impairment of Assets
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment Property
TFRS 2 (revised 2014)	Share-based Payment
TFRS 3 (revised 2014)	Business Combinations
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TSIC 10 (revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2014)	Operating Leases - Incentives
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (revised 2014)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2014)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2014

TFRIC 5 (revised 2014)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2014)	Service Concession Arrangements
TFRIC 13 (revised 2014)	Customer Loyalty Programmes
TFRIC 14 (revised 2014)	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2014)	Transfers of Assets from Customers
TFRIC 20 (revised 2014)	Stripping Costs in the Production Phase of a Surface Mine

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

31. TO APPROVED THE FINANCIAL STATEMENTS

These financial statements were authorised for issue by Board of Directors of the Company on February 9, 2015.



Related Transactions

Related transactions

In 2014, the Company was engaged in no connected transaction, as regulated by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

Measures and approval procedures for connected transactions

The Company has in place measures and approval procedures for connected transactions, as regulated by SEC and SET. Connected transactions are subjected for approval of the Board of Directors or at shareholders' meeting, or both, depending on the case.

Policy and trends for connected transactions

With strictly adherence to SEC and SET regulations, Aikchol manages its business with transparency under its strong corporate governance policy.



Changes in portfolios of directors and the management

Data as of December 31, 2014

No.	Name	Position	Number of shares held as of December 31, 2013	Number of shares held as of December 31, 2014	Change of shareholding during 2014	% shareholding
1	Mr. Apirag Vanich	Chairman of the Board	16,327,392	16,327,392	-	12.39
	Spouse and minor children		2,249,592	2,249,592	-	-
2	Mr. Vichai Dhepchalerm	Vice Chairman of the Board	270,000	270,000	-	0.50
	Spouse and minor children		480,000	480,000	-	-
3	Mrs. Phortchana Manoch	Vice Chairman of the Board	3,389,808	3,389,808	-	2.92
	Spouse and minor children		987,600	987,600	-	-
4	Dr. Sucha Nimmannit	Director	993,588	993,588	-	0.66
	Spouse and minor children		-	-	-	-
5	Dr. Krisada Banchuin	Director	215,268	215,268	-	0.14
	Spouse and minor children		-	-	-	-
6	Mr. Sirichai Manoch	Director	987,600	987,600	-	2.92
	Spouse and minor children		3,389,808	3,389,808	-	-
7	Mrs. Kanchana Chitru diamphai	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
8	Second Lt. Kittit Toranin	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
9	Ms. Oranuj Vanich	Director	5,801,016	5,801,016	-	3.87
	Spouse and minor children		-	-	-	-
10	Dr. Sanit Charkrit	Director and Medical Director of Aikchol	-	-	-	-
	Spouse and minor children		-	-	-	-
11	Associate Prof. Dr. Atirek Chirabongs	Director	N/A	N/A	N/A	-
	Spouse and minor children		N/A	N/A	N/A	-
12	Mrs. Prapaphan Tanthavirat	Managing Director of Administration, Aikchol Hospital	-	-	-	-
	Spouse and minor children		-	-	-	-



No.	Name	Position	Number of shares held as of December 31, 2013	Number of shares held as of December 31, 2014	Change of shareholding during 2014	% shareholding
13	Mrs. Somporn Permsuk	Managing Director of Administration, Aikchol 2 Hospital	-	-	-	-
	Spouse and minor children		-	-	-	-
14	Dr. Samajan Wijarnpreecha	Managing Director of Medicine, Aikchol 2 Hospital	N/A	N/A	N/A	-
	Spouse and minor children		N/A	N/A	N/A	-

Remarks: N/A means directors and management members who were appointed and resigned during 2014, therefore the names of respective shareholdings as on Dec 31, 2014 are not presented.

โรงพยาบาลเอกชล

สุนทรียภาพแห่งการดูแลรักษา
Exceptional Care Experience



AIKCHOL HOSPITAL



AIKCHOL 2 HOSPITAL



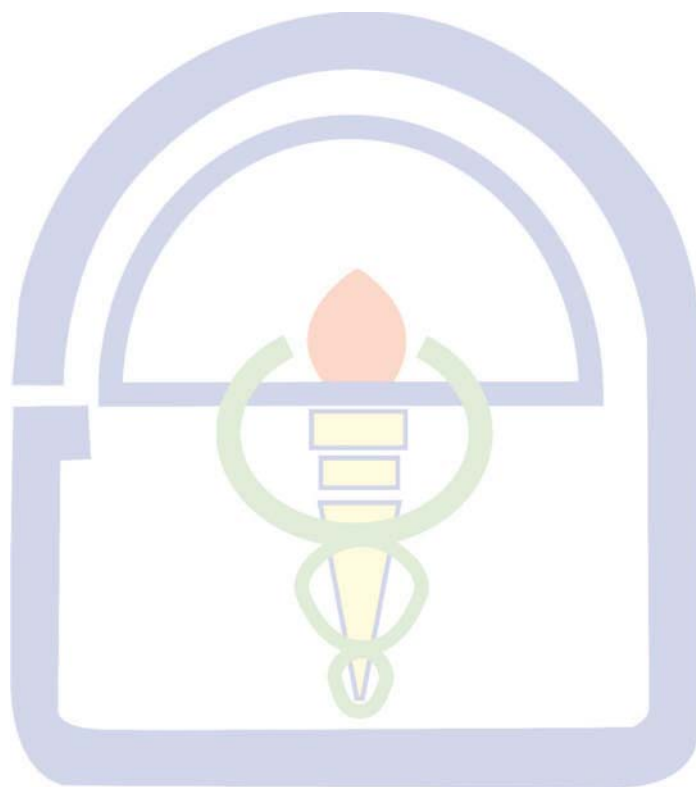
โรงพยาบาลเอกชล 2

อบอุ่น ปลอดภัย มั่นใจในเอกชล 2

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ANNUAL REPORT

2014



บริษัท โรงพยาบาลเอกชล จำกัด (มหาชน)
Aikchol Hospital Public Company Limited

โรงพยาบาลเอกชล (Aikchol Hospital)

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