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Message from the Chairman

Dear Shareholders

It was a year that passed so swiftly, while the national politics have yet to settle. In recent years we have seen multiple launches of private hospitals and expansion in the hospital business of the Eastern Region, notably along the Bang Na - Chon Buri Highway; these included public hospitals and large-scale private ones. Meanwhile, competition to recruit medical and nursing personnel has been heating up, and Aikchol must maintain its strength for it.

All this time, Aikchol has dedicated itself to quality system development in its pursuit of the highest international and domestic patient-care standards.

Since 2015 Aikchol had passed the JCI (Joint Commission International) patient-care standard certification, and this year it secured holistic-assessment JCI accreditation. It also earned JCI certification for its acute myocardial infarction program-a distinction of everyone's pride.


For 37 and 11 years, Aikchol Hospital and Aikchol 2 Hospital have been in existence. It is therefore essential to repair, upgrade, and improve facilities, which calls for a substantial budget for such work and preparation for the upcoming EEC (Eastern Economic Corridor) project so as not to miss opportunities.

This year Aikchol 2 Hospital continued to serve patients at large and those exercising social security rights; we are pleased to have taken care of fellow human beings. By year-end 2019 we could very well have upgraded its capability for greater competitiveness.

Some obstacles and inconvenience arose this year concerning the development of ICT systems, which caused service delays for a period; most of these have been resolved.

Another ongoing crucial matter to the working group at Aikchol is assorted risks, particularly those arising from our provision of medical care. We must do our best to prevent or minimize them.

On behalf of the Board of Directors, I wish to thank all shareholders and benefactors for their perennial trust in Aikchol. I truly appreciate the dedication of the management teams, physicians, medical teams, and all personnel for sake of Aikchol Hospital Plc's progress. The Board looks forward to more of the same from each of you for Aikchol's secure and sustainable progress and prosperity.



(Mr. Apirag Vanich)

Chairman

Aikchol Hospital Public Company Limited

General Information

Company Name	: Aikchol Hospital Public Company Limited
Registered Number of PLC	: 0107537001064
Type of Business	: Private Hospital
Registered Capital	: 149,909,264 common shares
Registered Paid-up Capital	: Baht 149,909,264 Baht
Par Value per Share	: Baht 1.00
Listed Date	: January 10,1992
Accounting Period	: 1 January – 31 December
Web Site	: www.aikchol.com
E-mail address	: info@aikchol.com
Contact	: <u>Head Office : Aikchol Hospital</u> 68/3 Moo 2 Prayasatja Rd., Bansuan Sub-district, Muang District, Choburi Province 20000 Telephone 0-3827-3840-7, 0-3893-9999 Facsimile 0-3827-3848 <u>Branch Office : Aikchol 2 Hospital</u> 31/2 Moo.3 Angsila Rd., Muang District, Choburi Province 20000 Telephone 0-3893-9888 Facsimile 0-3893-9800
The Share Registration	: Telephone 0-3893-9999 Ext.1126, Facsimile 0-3827-3848
Department	E-mail : ir@aikchol.com , kullanit@aikchol.com
Share Registrar	: Thailand Securities Depository Company Limited. 62 The Stock Exchange of Thailand Building, Rachadapisek Rd., Klongtoey, Bangkok 10110 Telephone 0-2229-2800 Facsimile 0-2359-1259 Web Site www.tsd.co.th
Auditor	: Dharmniti Auditing Company Limited. 178 Dharmniti Building, 6 th -7 th Floor, Sai Permsap (Prachachuen 20), Prachachuen Road, Bangsue, Bangkok 10800 Telephone 0-2555-0600 Facsimile 0-2555-0664, 0-2555-0665 Web Site www.dharmniti.co.th
Legal Advisor	: International Legal Counsellors Thailand Ltd. 18 th Floor, Sathorn City Tower 175 South Sathorn Road Bangkok 10120, Thailand Telephone 0-2679-6005 Facsimile 0-2679-6041

Securities and Shareholders' Information

1. Registered Capital and Paid-up Capital

As of December 31, 2018, 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 register book on April 23, 2018, were:

	Name	No. of shares	%
1	Mr. Apirag Vanich and spouse	19,020,084	12.69%
	Total	19,020,084	12.69%
2	Chean Vanit Co., Ltd.	12,612,000	8.41%
	Total	12,612,000	8.41%
3	Mrs. Tuanjit Kittiwut	9,994,140	6.67%
	Total	9,997,440	6.67%
4	Mrs. Phorthana Manoch and spouse	4,377,408	2.92%
	Mr. Siripoj Manoch	1,700,496	1.13%
	Mr. Khunphat Manoch	1,542,384	1.03%
	Mr. Sithipoj Manoch	1,554,484	1.04%
	Total	9,175,072	6.12%
5	Mr. Pongsak Vittayakorn	6,695,460	4.47%
	Total	6,695,460	4.47%
6	Ms. Rojana Vanich	6,026,940	4.02%
	Total	6,026,940	4.02%
7	Ms. Oranuj Vanich	5,801,016	3.87%
	Total	5,801,016	3.87%
8	USB AG SINGAPORE BRANCH	5,378,200	3.59%
	Total	5,378,200	3.59%
9	Ms. Aungkhana Vanich	5,325,984	3.55%
	Total	5,325,984	3.55%
10	Mrs. Anchalee Thepphabutr	4,917,972	3.28%
	Total	4,917,972	3.28%

Chairman and Executive Directors of Aikchol Hospital



Mr. Apirag Vanich
Chairman of the Board



Mrs. Phortchana Manoch
Vice Chairman of the Board



Mr. Vichai Dhepchalerm
Vice Chairman of the Board



Sucha Nimmannit, M.D.
Director



Krisada Banchuin M.D.
Director



Mr. Sirichai Manoch
Director



Ms. Kanchana Vanich
Director



Mrs. Thitawat Pothanant
Director



Ms. Oranuj Vanich
Director



Sanit Charkrit M.D.
Director



Asst. Prof. Atirek Chivabongs M.D.
Director



Mrs. Prapaphan Tanthavirat
Administrative Director
Aikchol Hospital



Mrs. Somporn Permsuk
Administrative Director
Aikchol 2 Hospital



Pichai Siripornpanich M.D.
Medical Director
Aikchol 2 Hospital

Profile of the Board of Directors and Executives

Mr. Apirag Vanich

Chairman of the Board

Age 54

Date of appointment as director : April 15, 1991

Education

- MBA, Indiana University, USA
- B.S. Agricultural Economics, Purdue University, USA
- Directors Accreditation Program (DAP) (37/2005)
- Directors Certification Program (DCP) (60/2005)
- Finance for Non-Financial Directors (FND) (19/2005)
- Role of the Chairman Program (RCP) (13/2006)
- 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 Gypsum Co., Ltd.
- Vanich Lineal Co., Ltd.
- Phuket Rubber Co., Ltd.
- Aik Rock Industry Co., Ltd.

(%) Share Possession : 21.10

Family ties among executives

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

Mr. Vichai Dhepchalerm

Vice Chairman of the Board, Independent Director, Member of the Audit Committee

Member of the Nomination and Remuneration Committee

Age 91

Date of appointment as director : September 12, 1978

Education

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

Positions held in other listed companies

: None

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

Family ties among executives : None

Mrs. Phortchana Manoch

Vice Chairman of the Board and Chairman of the Executive Board

Age 64

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) (25/2002)
- Financial Statements for Directors (FSD) (13/2011)
- Anti-Corruption for Executive Program (ACEP) (2014)
- Good Governance for Medical Executives 2012, King Prajadhipok's Institute

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

Ms. Kanchana	Vanich	Sibling
Mr. Apirag	Vanich	Sibling
Ms. Oranuj	Vanich	Sibling
Mr. Sirichai	Manoch	Spouse

Sucha Nimmannit, M.D.

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

Age 79

Date of appointment as director : September 12, 1978

Education

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

Positions held in other listed companies : None

Other present positions : None

Experience

- Physician, Chon Buri Hospital

(%) Share Possession : 0.66

Family ties among executives : None

Krisada Banchuin M.D.

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

Age 72

Date of appointment as director : September 12, 1978

Education

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

Positions held in other listed companies : None

Other present positions : None

Experience

- Faculty director (outside expert), Faculty of Sports Science, Burapha University
- Physician, Chon Buri Hospital
- Member of Academic Council, Burapha University
- Physician, Dr. Krisada Clinic

(%) Share Possession : 0.14

Family ties among executives : None

Mr. Sirichai Manoch

Director and Member of the Executive Board

Age 75

Date of appointment as director : June 25, 1992

Education

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

Positions held in other listed companies : None

Other present positions

- Sale Manager of Preya Mining Limited Partnership

Experience

- Managing Director of Sirichai & Brother Co.,Ltd.
- Managing Director of T.T. Mining Co.,Ltd.
- Managing Director of Pilok Hill Ltd.,Patr.
- Managing Director of Krissiri Mining Co., Ltd.
- Advisor to Director, The Kanchanaburi chamber of commerce
- Director, Mining Industry Council

(%) Share Possession : 2.92

Family ties among executives

Mrs. Phortchana Manoch Spouse

Ms. Kanchana Vanich

Director

Age 61

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)

Other training : None

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.

(%) Share Possession : None

Family ties among executives

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

Ms. Oranuj Vanich

Director

Age 55

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)

Positions held in other listed companies : None

Other present positions

Executive Director

- Vanich Gypsum Co., Ltd.
- Chean Vanich Transport Co., Ltd.
- Chean Vanich Co., Ltd.

(%) Share Possession : 3.87

Family ties among executives

Mrs. Phortchana	Manoch	Sibling
Ms. Kanchana	Vanich	Sibling
Mr. Apirag	Vanich	Sibling

Sanit Charkrit M.D.

Director, Member of the Executive Board and Medical Director, Aikchol Hospital

Age 71

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
- Directors Accreditation Program (DAP) (2015)

Positions held in other listed companies : None

Other present positions : None

Experience

Director

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

(%) Share Possession : None

Family ties among executives : None

Associate Professor Atirek Chivabongs M.D.

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

Age 81

Date of appointment as director : October 15, 2014

Education

- Diploma of natural 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 Republic of Germany
- Facharzt Fuer Orthopaedie of Deutschland
- Diploma in Sportarct
- Diploma of specialist in Orthopedic
- Bachelor of Laws, Sukhothai Thammathirat Open University
- Directors Accreditation Program (DAP) (2015)

Positions held in other listed companies : None

Other present positions

- President of Jiwapong Visahakit Co., Ltd.
- President of Sinbenjapon Co., Ltd.
- Vice President of City Disastor Protection Co., Ltd.
- Adviser to the Faculty of Medicine Siriraj Hospital, Mahidol University
- Professor, Department of Orthopaedic Surgery and Physical Medicine, Faculty of Medicine Siriraj Hospital, Mahidol University
- Professor, Of College of Sports Science and Technology, Mahidol University
- Medical Adviser to the Thai Industrial Standards Institute Ministry of Industry
- Expert, Social Security office
- Expert, Department of Health
- Senior Managing Director of The Royal College of Family Physicians of Thailand
- Senior Managing Director of Sport medicine Section of Royal Thai Orthopaedic Surgeons Advising Board of Thai Health Journal.

(%) Share Possession : None

Family ties among executives : None

Mrs. Thitawat Pothanant

Director, Independent Director, Member of the Audit Committee

Age 63

Date of appointment as director : April 21, 2017

Education

- M.B.A. (Finance), ST. John University, New York, U.S.A.
- B.S. (Business Administration), Kasetsart University, Thailand.
- Directors Accreditation Program (DAP) (140/2017)

Positions held in other listed companies : None

Other present positions : None

Experience

- First Executive Vice President, Head of Credit Risk Division, Risk Management Group, CIMB Thai Bank Plc.
- Senior Credit Officer, Standard Chartered Bank Philippines.
- Corporate Finance Executive Wholesales Banking Department The Chase Manhattan Bank, N.A., Bangkok Branch.

(%) Share Possession : None

Family ties among executives : None

Pichai Siripornpanich M.D.

Advisor to the Executive Board and Medical Director, Aikchol 2 Hospital

Age 62

Education

- Faculty of Medicine, Siriraj Hospital, Mahidol University
- Development Program for Deputy Directors of the Medical Department of the Regional/ General Hospitals and the Hospitals under Ministry of Public Health (5Th Class) year 2012
- Advanced Program for Ministry of Public Health Executives (28Th Class) year 2013

Experience

- Deputy Director of Medicine, Chon Buri Hospital
- Director, Kamphaeng Phet Hospital, Kamphaeng Phet Province

(%) Share Possession : None

Family ties among executives : None

Mrs. Prapaphan Tanthavirat

Advisor to the Executive Board, Administrative Director of Aikchol Hospital,
and Company Secretary

Age 70

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

Family ties among executives : None

Mrs. Somporn Permsuk

Advisor to the Executive Board and Administrative Director,
Aikchol Hospital 2

Age 69

Education

- Bachelor of Public Administration, Sukhothai Thammathirat
Open University

Experience

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

(%) Share Possession : None

Family ties among executives : None

Note

1. Ratio of share by each of shareholders of the hospital including the shareholders related to Section 258 of the Securities and Exchange Act.
2. All executives Boards have no any criminal records.
3. Data profile of Chairman and Executive Board on December 31, 2018

Business Overviews and Policies

Background and Nature of Business

Aikchol Hospital is the first private hospital in the heart of ChonBuri, having started operations in 1973 and registered as a 262-bed hospital. On January 10, 1992, it was listed on the Stock Exchange of Thailand and became a public company limited under the name ‘Aikchol Hospital Public Company Limited’. Later on, Aikchol 2 Hospital was opened in Ang Sila with 100 beds registered. Aikchol hospital welcomes both general patients and those under the Social Security Scheme, and also eminently committed to rendering service under the vision and missions described below :-

Vision, missions and operational strategies

Vision : To be Exceptionally Excellent Hospital by the year 2019.

Missions :

1. To provide one-stop healthcare services with standard quality in four aspects such as physical emotional mental and spiritual.
2. To provide medical treatment for complicated diseases by a team of healthcare experts and qualified staff with the innovation of modern equipment and technology
3. To provide services by minimizing waiting time.

Business milestones

2016

- In April, The Board approved the purchase of 217 square wah of land next to Aikchol Hospital to extend its service in the future.
- In September, Aikchol Public Company Limited signed a memorandum of understanding (MOU) with Bumrungrad Hospital and 36 affiliated hospitals from every region to treat patients continually, efficiently, and safely; cooperate on academic matters; develop competency in healthcare services; and engage in other collaborations in the future.
- In October, Aikchol Hospital, following the UNICEF policy, joined project activities with a team from Thaipat Institute on “Promoting Children-Friendly Business”. This involved the sharing of experience, knowledge, and promotion in the assessed competency of a kid-friendly business, as well as finding an opportunity to support children’s rights according to the economic standard of the organization.
- In November, Aikchol Hospital and Aikchol 2 Hospital underwent an assessment process for renewal of Hospital Accreditation (HA) from The Healthcare Accreditation Institute (Public Organization), the third Re-accreditation for Aikchol Hospital and the second for Aikchol 2 Hospital.

- The Company was assessed with 100 (full) marks, regarded as excellence in shareholders' meeting management 2016 by the Thai Investors Association.

Throughout the year, Aikchol carried on with restructuring of both the interior and exterior of the hospital to offer a higher level of comfort and safety for patients and visitors. The restructuring included installation of a roof over the walkway, installation of the lighting system around the car park, and continuous development of the hospital's IT system installed in late 2016. In the medical field, Aikchol Hospital launched special clinics with experts to promote the treatment quality and healthcare services, such as an Ear-Nose-Throat clinic, Dermatology (Skin) and Beauty clinic, Heart (cardiac) clinic, an Ophthalmology (Eye) clinic, Urology clinic, Respiratory and Pulmonary clinic (Chest).

2017

- In April, Aikchol celebrated its 36th Anniversary of the first private hospital in ChonBuri, with its commitment to continue development all aspects.
- Aikchol received a "good" quality assessment in the 2017 AGM from the Thai Investors Association.
- The Board of Directors approved the establishment of a Risk Committee to study and work on Aikchol's anti-corruption measures and to prepare for participation Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).
- Aikchol Hospital revamped the exterior of Building 1 and the Administration Building to improve the setting.
- The internal space has been modified to upscale patient care and treatment by opening up more specialized clinics, such as a Cardiology clinic, a Respiratory and Pulmonary clinic, a Urology clinic and a Dermatology (Skin) clinic.

2018

Each year Aikchol systematized for improvement of the premises and surroundings. Renovation and expansion have been made to specialty clinics to accommodate the higher number of patients and visitors. In 2018 the Obstetrics and Gynecology Department was moved to Floor 3 of Building 2, while the Pediatric Department together with the area for well baby and the area for sick kids properly zoned. The Pediatric Department's environment was also adjusted to support more efficient service for children. The hospital's laboratory was moved to Floor 3 of Building 2 to provide space for anew analytical machine of the latest technology that the hospital invested in. Above all, the laboratory has already achieved Laboratory Accreditation (LA) from the Medical Technology Council.

Aikchol successfully passed the quality assessment carried out by the Thai Investors Association with a 'good' score for arrangement of the 2018 Annual General Meeting (AGM).

Awards and quality certification

2016

- In May, Aikchol Hospital won an “In appreciation of participation - IPD Simple Disease Project” by Tokio Marine Award 2015. This was to recognize a hospital as having top-quality healthcare service and with the highest customers’ satisfaction.
- In May, Aikchol 2 Hospital won “e-Claim Awards 2015” - a hospital reward for the project with over 90% (2,001 in 3,000 calls) informative records within 48 hours from The Road Accident Victims Protection Co., Ltd. This was to recognize a hospital that achieved efficient records via the e-Claim system.
- In June, Thaipat Institute awarded an “ESG 100 Certificate” to Aikchol for being a top-100 listed firm in Thailand that has an outstanding business in promotion of the environmental, social and governance accomplishment.
- In September, The Department of Older Person, Ministry of Social Development and Human Security, Thaipat Institute, and the Foundation for Thailand Rural Reconstruction Movement Under the Royal Patronage awarded a certificate of appreciation to Aikchol for joining the network of age-friendly businesses.

2017

- In March, Aikchol Hospital and Aikchol 2 Hospital received a certificate of quality improvement in hospitals from the Healthcare Accreditation Institute (Public Organization) for continuously promoting the development of hospital quality (HA).
- In August, Aikchol received a “Certificate of ESG 100 Company” for the second consecutive year from Thaipat Institute as one of the 100 listed companies in Thailand with outstanding performance in environmental, social and sustainable governance out of the 656 listed companies on SET.
- The overall score from the results of the survey on good corporate governance of listed companies by the Thai Institute of Directors (IOD) in 2017 was at a “very good” level.
- Results from the evaluation of the AGM quality were at a “very good” level in the AGM Quality Assessment 2017, organized by the Thai Investors Association.

2018

- In February the laboratories at Aikchol Hospital and Aikchol 2 Hospital earned 2017 Laboratory Accreditation (LA) from the Medical Technology Council, the second accreditation.
- In September Aikchol won its first quality re-accreditation of international standards and was JCI (Joint Commission International)-accredited for CCPC-AMI (Clinical Care Program Certification for Acute Myocardial Infarction).
- Following the assessment of corporate governance reports of listed companies for 2018 by the Thai Investors Association, Aikchol’s CG Report was rated ‘very good’.
- Following the quality assessment of the 2018 AGM Aikchol was rated exceptional by the Thai Investors Association.

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

Hospital Service

As one of the hospitals in the eastern region, Aikchol provides a comprehensive services for both outpatients and inpatients. Through the years, it has valued quality medical treatment. The hospital has a team of doctors with various specializations working with various professionals of related fields. It is situated in a strategic location in ChonBuri, surrounded by leading department stores, schools, and major government offices, giving an easy access to the hospital. Notably, the hospital's rear building, which serves as a patient ward, offers a sea view of ChonBuri overlooking the seaside elevated road, or the 'CholamaakWithee' Bridge, recognized as ChonBuri's new landmark. This new road, officially opened on August 31, 2018, helps divert traffic from congestion areas in town. The building's seaside landscape provides patients with a closer-to-nature ambience supportive for mental solace, which consequently contributes to speedy physical recovery.

Aikchol was JCI-accredited for its quality standards in 2015, the US standards accreditation. Then in 2018 the hospital was reassessed and earned holistic accreditation. Subsequently in 2018 the hospital earned JCI accreditation for its Acute Myocardial Infarction Program. Auspiciously, it is the first in ChonBuri awarded with Thai Hospital Accreditation (HA).

Aikchol's goal is to provide safe medical treatment with the support of up-to-date methods while extending nursing service and general service of high-quality standards and efficiency. Social and environmental care is also part of the business goal.

Medical Cooperation

Aikchol Hospital Public Company Limited entered into an agreement with Bamrungrad Hospital on medical cooperation to provide integrated treatment performed by both hospitals and raise the country's public health standard. Bamrungrad Hospital has already signed agreements with 51 other hospitals and partners around the country to improve medical services for both Thais and foreigners. The cooperation aims for medical excellence at both national and regional levels. Patients are therefore provided with access to more advanced technology and service by specialists. During their recuperation period, patients will be sent back to the hospital in their hometown. The effort also benefits technical cooperation.

Target Groups and the Economy

In the provinces, public hospitals under the Ministry of Public Health, the main provincial hospitals in particular, are generally crowded. Large hospitals with 1,000-2,000 beds have their bed occupancy rates of as high as 70%-80%, or sometimes higher. Private hospitals do not only relieve public hospitals' burden but is also an alternative for patients who prefer quick service, Reduce their queuing time. Today in ChonBuri and nearby provinces, a number of private hospitals have come into service in keeping with the health, services trend, focusing on providing medical treatment catered for particular groups of customers. With regard to medical tourism, penetration into the Asian market is considered challenging. However, growth in foreign patients, who contribute the preponderance of private hospitals' revenue, has experienced a drop with the slow economy in several countries. The main group of customers for Aikchol is still Thai patients, with foreign patients accounting for 1%-5%. Other hospitals in the region also saw a decrease in the number of patients from some countries caused by the unfavourable economic situation of the Middle East following the oil price drop. Governments in Middle Eastern countries, who normally grant medical subsidies to their people, have now reduced such financial assistance for patients who seek medical treatment abroad. They now keep control of the number of accompanying family members and the number of hospitalized days to reduce the country's expenditure.

Despite the Thai government's goal to make Thailand a medical hub with support given to related businesses, the goal is meant for the country as a whole. The cost of doing business is still shouldered by private hospitals. As private hospitals' business deals with health, competition lies in the level of standards and treatment ability. Even though funds are needed for procurement of tools and equipment as well as modern technology, which give a positive image for running marketing campaigns, funds are not the only factor for raising standards and medical treatment ability. Development in other aspects is equally required, including skilled personnel and quality standards that are internationally accepted.

Aikchol's corporate value stresses treating patients with generosity and professionalism through joint efforts, keeping in mind quality and safety with determination to win patients' trust and satisfaction and to leave a good impression on them. The hospital has a team of physicians and experienced support staff as well as technology readily available to meet customers' demand with ease and speed.

Aikchol had its company-wide IT system improved in 2017 to enhance the health analysis process and fast access to information as well as the organization's management efficiency amid the intense competition in the hospital business. It was well prepared for the application for the JCI international quality standards of the US to heighten customers' confidence.

Economic, political, and social changes as well as faster and more convenient transport have affected the health care system and healthcare service in Thailand. Government subsidy,

development of consumer protection agencies, and public policy on health business promotion are some causes that lead to frequent government policy adjustments.

Procurement of Products and Services

Procurement of Pharmaceutical Products and Medical Apparatus

Following the opening of its branch in a nearby area, Aikchol devised a policy to have a central pharmaceutical store, operated by a central procurement management system. The central procurement department collects orders of medicine and medical supplies from both hospitals and selects local suppliers, taking price and quality into consideration. As for some medical apparatus and tools, a medical committee is the responsible for procurement, taking into account requirements and suitability of quality and standard of the products, which must be certified by the Food and Drug Administration (FDA). Imported products must come with a letter from sales agents to certify product quality to ensure quality and safety for patients.

In sourcing medicine, a committee comprising doctors and pharmacists was set up to define criteria to ensure suitability and health benefit of the medicine. The committee also evaluates product standards and prices since medicine from different sources has different specifications and is produced by different processes, which indicate different effectiveness. Pharmacists are therefore required to do constant research and always keep up.

Environmental Management

Aikchol values hospital surroundings which influence the work environment. Hospital buildings were designed in accordance with medical practice standards to ensure safety and security while minimizing risks, such as work-related injury. It has participated in the Promoting Energy Efficiency in Commercial Building (FEECB) project in the hospital category, a project under the Department of Alternative Energy Development and Efficiency, Ministry of Energy. Training and seminars are provided for personnel both within and outside the organization. The lighting system in each part of the building was systematically controlled to give out least contrast so people can comfortably adjust their vision when moving from one place to another.

Aikchol sent staff to energy management training and published a manual for using the Energy Management Matrix (EMM). A campaign on energy saving was initiated, including change of light bulbs into the LED type and increasing efficiency of some machines by using a chiller control to adjust the temperature.

Risk factors

Operation Risks

Change in government regulations may cause risks. Members of the Social Security Fund (SSF) may opt for receiving medical treatment at a private hospital holding a contract with the SSF without having to bear any expense. The private hospital can later claim the

expenses from the SSF. However, the SSF is just a central unit to manage the fund, but the hospital business is under the supervision of the Ministry of Public Health or other government agencies. Any newly issued regulations may pose risks to the business of the hospitals with contracts with SSF. For example, when claims of refund are not duly paid, the hospital's financial performance could be impacted. Therefore, the hospital needs to have a healthy cash flow in order to be least affected by a slow refund from the government and survive.

Risks Related to Medical Personnel Management

As Thailand is starting to become an ageing society, skilled personnel, be they physicians, nurses, pharmacists, or medical technicians are in demand for the hospital business. The business not only relies on the public sector to produce medical personnel through policies and regulations related to public health, but also has to offer competitive pays for these personnel to retain them. As well, the hospital has to allocate budget for personnel training to support general development and enhance their special skills while giving them opportunities to grow in their career paths. Staff compensation is to be reviewed to ensure competitiveness with the industry and particularly with businesses in the vicinity to prevent brain drain. The hospital has to invest in staff welfare by offering accommodation in the hospital vicinity to provide safety and convenience for staff travelling to work.

Risks from Hospital Business Competition

The overall hospital business still saw strong growth potential in the recent years, with the medical tourism sector making the fastest growth. Consumers can access faster service thanks to the intense competition. Recruitment of physicians of the desired quality and a higher number of doctors are needed to provide more alternatives for patients. A visit to the doctor is inevitable when one gets sick, so the hospital business has ample room for continuous growth. However, hospitals are segmented into those middle-end and high-end ones, as well as those managed in the form of one main single hospital and a network hospital. Aikchol is positioned as an alternative for people residing in ChonBuri and in the eastern region. It stresses medical service quality for all patients, including those under health insurance, those with cash payment, those under the Workmen's Compensation Fund, those under company welfare, and those under the Social Security Fund.

According to the National Statistical Office, it is foreseen that Thailand will become a complete ageing society in 2021. In 2018 the elderly group accounted for 15% of the total population, or 10 million persons. A higher number of the elderly implies a higher number of patients.

Urbanization in Thailand may soon become saturated, and residential areas may start to expand into a given major city's outskirts, evident in the expansion of the city train system and the spread of department stores to provincial towns.

Aikchol has already invested in the IT system to support marketing activities since modern technology can help save administrative costs while eliminating human errors in decision-making.

Dividend Payment Policy

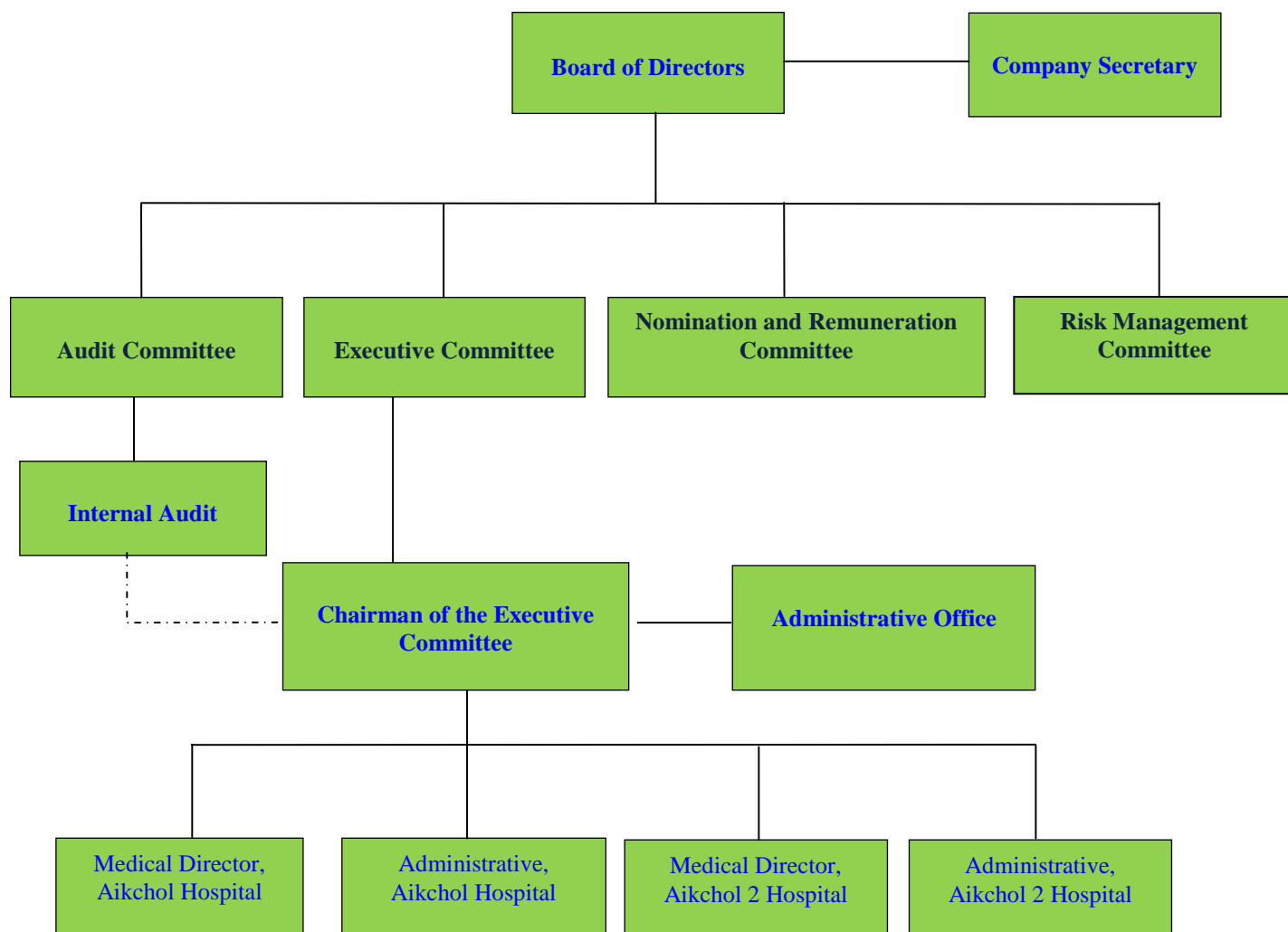
Barring compelling circumstances, the Board's policy is to propose to the shareholders' meeting dividend payment of no less than 50% of Aikchol's net income (profit) after income tax deduction.

Dividend profile for the past five years (2012 - 2016)

Annual dividend payment	2017	2016	2015	2014	2013
Net earnings per share (consolidated financial statements)	1.22	1.22	1.07	1.21	1.27
Dividend payment per share (Baht)	0.44	0.63	0.55	0.65	0.64
Dividend payment in percentage of net profit per share	51.58%	51.74%	51.46%	53.63%	50.00%
Date of payment	18/05/18	19/05/17	18/05/16	18/05/15	08/05/14

Management Structure

1. Management Structure as of December 31, 2018



2. Board of Directors

As of December 31, 2018, the Board consisted of:

Name	Meeting Attendance in 2018				
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Executive Committee	Risk Management Committee
1. Mr. Apirag Vanich	4/6				
2. Mr. Vichai Dhepchalerm	5/6	22/22	3/3		
3. Mrs. Phorthana Manoch	6/6			22/22	
4. Dr. Sucha Nimmannit	6/6			22/22	
5. Dr. Krisada Banchuin	6/6	22/22	3/3		2/2
6. Mr. Sirichai Manoch	6/6			20/22	
7. Ms. Kanchana Vanich	6/6				
8. Ms. Oranuj Vanich	6/6				
9. Dr. Sanit Charkrit	6/6			22/22	
10. Associate Prof. Dr. Atirek Chivabongs	6/6	22/22	3/3		2/2
11. Mrs. Thitawat Pothanant	5/6	22/22	3/3		2/2

Authority and Limitation of the Board

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

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. Must not be 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. Must not be 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. Must 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. Must 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. Must 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. Must not have appointed as the representatives of Aikchol's directors, the major shareholder, or shareholders who are connected with Aikchol's major shareholder.

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

Duties and Responsibilities of the Board

1. Perform its duties under laws, objectives, and regulations of Aikchol.
2. Review, approve, and modify Aikchol's vision and missions before disseminating to the public.
3. Approve major policies and strategies, financial targets, operating plans, budgets; monitor and ensure plan implementation.
4. Follow up and assess the performance of the management and establish suitable remuneration.
5. Approve the acquisition of funds and other resources required to ensure that Aikchol's operation fully conforms to its missions and strategies.
6. Ensure that financial reporting and auditing systems are reliable, and that risk management and internal control systems are suitable.
7. Resolve conflicts of interest, as well as the misuse of Aikchol's assets or malfeasance of connected transactions.
8. Put in place an efficient anti-corruption system, ensuring the management's alertness, recognition, and compliance with Aikchol's anti-corruption measures.
9. 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.
10. 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.
11. 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.
12. 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.
13. Appoint the Chair of the Executive Committee and conduct annual assessment of each person's performance.
14. 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 with correctness, completeness, and transparency.

15. 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.
16. 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.

In 2017, one director attended the “Directors Accreditation Program (DAP) (140/2017) – Mrs. Thitawat Pothanant

17. Approve the healthcare quality and patients' safety program, regularly acknowledge and respond to reports on such subjects.
18. Other duties as stipulated by the announcements, rules, regulations, acts, or laws governing the Company.

Agenda for the Meetings of the Board

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 2018, the Board held six meetings.

Under the Articles of Association, at a meeting of the Board of Directors, the presence of no less than a half of the total number of directors is required to constitute a quorum, whereas the Board's resolution requires a majority vote of attending directors. Any director with a vested interest on any agenda item is barred from voting on that item. In the event of a tied vote, the Chairman of the meeting is entitled to cast the decisive vote.

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.

Self-assessment

Board assessment criteria

Annually, the Board undergoes its own performance assessment, and for this year it organized assessment of the entire Board and individual directors. To this end, the Company Secretary sent assessment forms to the directors for entire Board assessment.

As for self-assessment this year, it was found that their scores averaged 71.64%.

Aikchol presented the findings to Board Meeting No. 313 of February 12, 2019, to jointly advocate higher scores for the Board's performance.

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.

1. Audit Committee

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

1. Dr. Krisada	Banchuin	Chairman
2. Mr. Vichai	Dhepchalerm	Member
3. Asso.Prof.Dr. Atirek	Chivabongs	Member
4. Mrs. Thitawat	Pothanant	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. Must not be 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.
2. Must not be directors of the holding company, subsidiaries, or sister companies that are listed companies.
3. For the benefit of the consideration of the qualifications, definitions appear below:
 - 3.1 "Holding company" means the company that holds more than 50% of the paid-up shares in a listed company (directly or indirectly).
 - 3.2 "Subsidiary" means the company where a listed company holds more than 50% of the paid-up shares (directly or indirectly).

- 3.3 “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.
- 3.4 “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.
- 3.5 “Connected party” means the party under Article 258 (1) - (2) of the Securities and Exchange Act (1992)
- 3.6 “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 Reviews 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.

Agenda for the Meetings of the Audit Committee

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 22 such meetings. in 2018

2. 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.	Asso.Prof.Dr. Atirek	Chivabongs	Member
4.	Mrs. Thitawat	Pothanant	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.

Agenda for the Meetings of the Nomination and Remuneration Committee

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 2018, the committee held three such meetings.

3. Executive Committee

Board Meeting No. 310 of August 23, 2018, 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. Ms. Phortchana | Manoch | Chairman |
| 2. Dr. Sucha | Nimmanit | Executive director |
| 3. Mr. Sirichai | Manoch | Executive director |
| 4. Dr. 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.

Agenda for the Meetings of the Executive Committee

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 22 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.

4. Risk Management Committee

Board Meeting No. 310 of August 23, 2018, appointed the current Risk Committee with a term of three years; members whose terms expire may be re-appointed. Reporting directly to the Board, the committee has Board-assigned roles and responsibilities. Below are the names of the committee members:

1.	Asso.Prof.Dr. Atirek	Chivabongs.	Chairman
2.	Dr. Krisada	Banchuin	Member
3.	Mrs. Thitawat	Pothanant	Member.

Duties and responsibilities

1. Screen policies and approaches for overall risk management embracing key risks, including financial, investment, reputation risks, and submit them to the Board for endorsement
2. Define strategies and approaches for corporate risk management in line with its risk management policy by assessing, monitoring, and ensuring that its risks are suitable
3. Oversee and monitor compliance with its risk management policy under the Board-approved approach and policy
4. Set criteria for measuring risks and risk appetites
5. Set suitable measures for dealing with risks under prevailing circumstances
6. Review the adequacy of the risk management policy and systems, embracing system effectiveness and compliance with the policy
7. Regularly report to the Board Aikchol's administration, execution, risk situations, and changes, as well as items needing improvement to align with the corporate strategies
8. Put in place essential risk management taskforces
9. Support risk management taskforces through personnel, budget, and other essential resources in keeping with their scopes of responsibility.

3. Executives

The top executives of Aikchol as of December 31, 2018, are as follows:

Name		Name	
1.	Mrs. Phorthana	Manoch	Chairman of the Executive Committee
2.	Dr. Sanit	Charkrit.	Medical Director, Aikchol Hospital
3.	Dr.Pichai	Siripornpanich	Medical Director, Aikchol 2 Hospital
4.	Mrs. Prapaphan	Tanthavirat	Administrative Director, Aikchol Hospital
5.	Mrs. Somporn	Permsuk	Administrative Director, 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. Compensation

For transparency and suitability with duties and responsibilities of the directors and the management, the Board has assigned the Nomination and Remuneration Committee to devise a pay policy for directors under a clear, transparent criterion under which pay suits individual

duties and responsibilities. This committee presents its findings to the Board and the shareholders' meeting for approval of directors' pays. Such pays must not be excessive and must be comparable to the general rates of peer businesses; they are to be based on experience, specialization, attention and dedication to work.

Criteria for the determination of directors' remuneration are based on detailed screening and vetting of their experiences, scopes of duties and responsibilities as approved by the shareholders, together with regular assessment of their performance as a guide for their remuneration.

- 1) Directors' remuneration is paid through bonuses and meeting allowances.
- 2) The remuneration of subcommittee members is paid through meeting allowances.
- 3) Executives' remuneration is paid through salaries and bonuses, based on their duties, responsibilities and performance, as well as the performance of Aikchol.

Details of the Directors' and executives' remuneration are as follows:

4.1 Remuneration in Monetary Form

Bonuses and meeting allowances paid to directors and members of subcommittees in 2018 and 2017:

(Unit : Thousand Baht)

Name	Remuneration in 2017 total (Baht)	Director' s Remuneration				Remuneration in 2018 total (Baht)
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Executive Committee	
1 Mr.Apirag Vanich	672.00	648.00	-	-	-	648.00
2 Mr. Vichai Dhepchalerm	602.00	360.00	220.00	15.00	-	595.00
3 Mrs. Phortchana Manoch	638.00	372.00	-	-	266.00	638.00
4 Mr. Sucha Nimmannit, M.D	538.00	372.00	-	-	166.00	538.00
5 Mr. Krisada Banchuin, M.D	652.00	372.00	240.00	15.00	-	627.00
6 Mr. Sirichai Manoch	755.00	582.00	-	-	160.00	742.00
7 Ms. Kanchana Vanich	360.00	372.00	-	-	-	372.00
8 Ms. Oranuj Vanich	360.00	372.00	-	-	-	372.00
9 Mr. Sanit Charkrit, M.D	538.00	372.00	-	-	166.00	538.00
10 Asso.Pro.Dr.Atirek Chivabongs	598.00	372.00	260.00	15.00	-	647.00
11 Mrs. Thitawat Pothanant	485.00	360.00	240.00	15.00	-	615.00
	6,198.00	4,554.00	960.00	60.00	758.00	6,332.00

Management's Remuneration

Salaries, bonuses and meeting allowances paid to executives and members of the Executive Committee in 2017 and 2018:

(Unit : Baht)

2018	2017
28,675,834	28,848,799

4.2 Other Remuneration : None

5. 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 2017, one director attended the "Directors Accreditation Program (DAP) (140/2017) – Mrs. Thitawat Pothanant

6. 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.

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. Provide necessary information to enable existing Directors and newly appointed Directors to carry out their duties.
6. Provide advice on regulation and guidelines that the Directors and management should be aware of.

7. Arrange for performance evaluation of the Board of Directors and Sub-Committee
8. Safe-keep the Company's important documents such as Directors Register, meeting invitations and minutes of the Board of Directors meeting, shareholder meetings, annual reports and reports on conflicts of interest of the Directors and management.
9. Other duties as assigned.

Company Secretary

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

7. Nomination and appointment of directors and executives

7.1 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.

7.2 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.

7.3 Succession plans

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.

8. 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.

9. Audit fees

1. The audit fees for this year for Dharmniti Auditing Co., Ltd., equaled 895,000 baht.
2. There was no non-audit fee.

10. Employees

9.1 Number of employees as at 31 December 2017 and 31 December 2018 of the Company as follows:

Detail	Employees	
	December 31, 2018	December 31, 2017
Doctors and nurses	1,021	1,056
Administrative personnel	348	291
Total	1,369	1,347

10.2 Employees' Remuneration

The remuneration paid to the employees this year (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) in 2018 and 2017.

(million Baht)	
2018	2017
581.44	535.25

10.3 Human Resource Development

1) In enhancing the quality of its healthcare services, Aikchol emphasizes improving employees' knowledge, work skills and efficiency, together with their promotion of constant self-development practices among executives and other employees.

To this end, internal and external training is provided to employees, in 2018, comprising environmental and other training courses, which included:

- 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.

2) 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.

3) Conscious of the safety of the workplace and work areas, Aikchol staged fire drills as well as training organized by the Committee of Occupational Safe and Healthy, Health and Environment of the Workplace for all employees.

4) 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.

11. Modified application of CG Code 2017

Aikchol reviewed its corporate governance policy by basing it on SET's principles of corporate governance for listed companies and SEC's CG Code 2017 for listed companies. The Board found that Aikchol had applied most of these elements and submitted such

findings to the Board for their acknowledgment in principle. At the moment the company is reviewing and amending its corporate governance policy more comprehensively and in line with the CG Code and its code of conduct so as to keep up to date with dynamic developments in corporate governance.

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 relationships 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 investor, 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.

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 and (5) Responsibilities of the Board.

Corporate Governance Practices in Year 2018

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

Section 1 Rights of the shareholders

1. Rights and Equality

Aikchol values the fundamental rights of shareholders, namely the rights to purchase, sell and transfer shares, receive part of its profit, freely and equitably attend shareholders' meetings to exercise their voting rights, participate in decision-making on key matters, appoint or dismiss directors, determine directors' remuneration, appoint the external auditor and determine their fees, and receive sufficient information

promptly through easily accessible channels. Shareholders are encouraged to fully exercise their rights through shareholders' meetings.

Aikchol promotes and facilitates the meeting attendance of shareholders and institutional investors by choosing each shareholders' meeting venue that is easily accessible by mass transportation systems.

2. Scheduling Shareholders' Meeting

2.1 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 a special meeting on a case-by-case basis.

2.2 In 2018, the AGM was held on Monday April 23, 2018, at Meeting Room 1 on the third floor, Aikchol 2 Hospital, 31/2 Angsila Road, Muang District, Chon Buri Province. No extraordinary general meeting (EGM) was called this year.

3. Meeting Notices

3.1 During its 307th meeting held on February 12, 2018, the Board resolved to hold the 2018 AGM on April 23, 2018. The resolutions, agenda and date of such meeting were disclosed and disseminated through SET's website to inform shareholders in advance.

3.2 This year, meeting notices were sent to the shareholders 30 days before the meeting date. To provide the shareholders with adequate information to make decisions and fully exercise their rights, the notices contained detailed information, rationale and comments of the Board on each agenda item, detailed instructions about the documents that shareholders need to bring with them on the meeting date to reserve their rights to attend the meeting and exercise their votes, together with other complementary documents.

3.3 For shareholders' convenience, Aikchol disclosed meeting notices and relevant documents at its website before mailing them at least 30 days ahead of the meeting date.

3.4 Aikchol publicizes its meeting notice through Thai daily newspapers for three consecutive days and at least 14 days ahead of the meeting date.

3.5 Aikchol offers shareholders to propose meeting agenda and nominate directors 45 days before the meeting date.

4. Conduct of Shareholders' Meeting

4.1 Shareholders are allowed to register before the meeting, or send a proxy form with documentary evidence to Aikchol at least one day ahead of the meeting date to avoid causing distraction on the meeting date.

4.2 Shareholders may choose to attend either the entire meeting or any specific agenda item, while those arriving after the meeting have started are entitled to register, attend the meeting in progress and exercise their voting rights on the remaining items.

4.3 Duty stamps are provided free of charge for shareholders' proxies.

4.4 Before commencing the meeting, the Chairman introduces Aikchol's directors, executives, auditors and the legal adviser who acts as a neutral party, and explains meeting rules and voting procedures to the shareholders.

4.5 Aikchol conducts shareholders' meetings transparently and accountably, with the Chairman of the Board, Chairperson of the Executive Committee, Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee, all directors and executives, the legal adviser and the external auditor attending the meeting to address questions and here shareholders' opinions.

4.6 Before casting their votes on each agenda item, shareholders are equitably provided with adequate time to express their opinions, provide recommendations and raise questions on the item, as well as getting clear and precise answers from the Chairman and executives.

4.7 For the nomination of directors, shareholders are required to cast their votes to elect the proposed candidates one by one.

4.8 After the vote counting, the Company Secretary informs the assembly in detail about the resolutions for each agenda item and the numbers of approve, disapprove and abstention votes.

4.9 The Chairman conducts the meeting by strictly following respective agenda items as stated in the meeting notice and does not propose additional agenda items without notifying the shareholders in advance.

4.10 A post-meeting session is held for the attending directors and executives to answer additional questions raised by the shareholders.

4.11 Aikchol provides an adequate number of staff with modern technology to facilitate the verification of shareholders' documents, with duty stamps available for shareholders' proxies.

4.12 Minutes of the meeting and shareholders' queries are completely and precisely recorded.

5. Disclosure of Shareholders' Meeting's Outcomes

5.1 On the evening of the meeting date, Aikchol disseminates the meeting's resolutions and the voting result of each agenda item through SET's communication channels.

5.2 Aikchol disseminates the minutes of the meeting through SET's communication channels and Aikchol's website, together with submitting them to SET and SEC within 14 days of the meeting date.

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. The rights of shareholders to propose in advance, additional meeting agenda items and nominate directors

From December 1, 2018, to January 14, 2019, Aikchol allowed shareholders to propose an agenda item for the meeting and nominate qualified directors with suitable qualifications in advance by following the criteria and procedures provided on Aikchol's website and SET's communication channels. Aikchol's independent directors will screen and submit the proposed matters to the Board for consideration and approval.

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 the nomination of individual directors, whereby each shareholder's votes are equal to the number of Aikchol shares held.

6. No extra agenda item

At each AGM, the Chairman of the meeting conducts the meeting by strictly following respective agenda items as stated in the meeting notice and no extra agenda item will be proposed without notifying the shareholders in advance..

7. Reporting of Aikchol's securities portfolio

The Board requires all directors and executives to report to the Company Secretary all Aikchol securities under their portfolios and those of their related persons, including any portfolio change.

8. Use of inside information

Under the policy to prevent the abuse of inside information defined by the Board, Aikchol's directors, executives and employees in units related to financial statements are forbidden from buying or selling Aikchol securities during the one-month period before the public disclosure of Aikchol's financial statements (Corporate Governance Handbook).

Section 3 Roles of Stakeholders

Aikchol is committed to conducting its business with responsibility to all stakeholders, society and the environment. Below are Aikchol's major stakeholders:

1. Shareholders:

Basic 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 sound ethics and of acceptable standards, with the safety and satisfaction of patients and efficiency of the services as top priorities.

3. Business Partners/ Contractual Parties:

Aikchol wants its acquisition of goods and services to be of acceptable standards. Aikchol clearly maintains that the quality of goods and services must be worth their prices according to the terms and conditions specified in contracts made in an ethical and fair manner, as follows:

3.1 Strictly conform to all contractual obligations agreed with business partners in a transparent and equitable manner

3.2 Prohibit fraudulent practices with business partners, either by requesting, accepting or providing any commercial benefit

3.3 Inform business partners in advance to jointly find a reasonable solution if Aikchol cannot comply with any contractual obligation.

4. Business Competitors:

Aikchol observes a good competition framework, complies with relevant laws and treats its competitors in a fair manner and with integrity. Aikchol recognizes business competitors as a driver of the improvement of Aikchol's quality and efficiency of services provided to customers and patients.

5. Employees:

Constantly recognizing that employees are valuable resources and vital drivers of the company toward fulfilling its goals, Aikchol provides all employees with:

5.1 Equitable and fair treatment, regardless of origin, race, religion, gender, marital status, language, or position, with zero-tolerance for any exploitation of child labor, human trafficking and all forms of malfeasance and corruption.

5.2 Appropriate compensation in line with Aikchol's performance by utilizing a performance-based remuneration system as criteria for performance assessment, salary increase and annual bonus payment, together with a provident fund that provides employees with long-term financial assurance.

5.3 Other forms of welfare, including healthcare or medical expense contribution to the employees and their families, loans for needy employees and scholarships for their children.

5.4 Work environment that safeguards employees' lives, physical health and properties, with fire drills and diverse courses of training arranged for all employees to ensure their safety and the safety of Aikchol.

5.5 Encouragement to regularly attend additional training in work-related courses to enhance their caliber.

5.6 Strongly opposing violation of intellectual property rights or copyright, Aikchol requires all employees to use copyrighted computer software.

5.7 All employees are allowed to share ideas and, if problems arise, to directly voice their complaints or make recommendations to executives to improve work processes.

6. Communities, society, and the environment

Aikchol operates its business with social and environmental awareness by upholding safety standards, minimizing environmental impacts, supporting community charity activities and participating in energy-saving programs to foster energy conservation habits.

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 the shareholders, investors, and the public as specified by applicable laws and regulations.

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

1.1 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.

1.2 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

2.1 The Vice Chairman of the Board or the Company Secretary, or both, performs the duty of disclosing financial and non-financial information so that Aikchol's shareholders and stakeholders are equitably provided with reliable and adequate information in a timely manner.

2.2 In ensuring shareholders' convenient, prompt, and efficient access to additional information, Aikchol regularly puts complete, 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.

2.3 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.

2.4 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.

2.5 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 will have separate duties and responsibilities and must not 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.

The Board performed the following activities in 2018:

1. Held Board meetings to review Aikchol's vision and define corporate goals

2. Developed performance evaluation forms for the Board as a whole and its subcommittees
3. Developed a form for all directors to evaluate the performance of Chair of the Executive Committee.
4. Monitored the management's performance by requiring the management to submit a progress report of its operations at every Board meeting.
5. During Meeting No. 312/2018 held in 2018 to evaluate the performance of executive directors, the individuals to be evaluated must leave the meeting to allow free, transparent and unbiased discussion of their performances.
6. An agenda item of Board Meeting No. 312/2018 held in 2017 was to consider the performance and salaries of executives who had performed their duties for one year.
7. During Board Meeting No. 312/2018 held on December 18, 2018, the directors set in advance Board meeting dates and important agenda items for the whole year.
8. None of the directors held more than five directorships in listed companies.

Corporate Social Responsibility

“Committed to creating a business that sustainably saves lives, society, and the environment” is Aikchol’s CSR resolution. Through these years, it has implemented several CSR projects. All employees have shown various forms of support by dedicating their time and professional knowledge, such as medical and nursing, for the benefit of others. They have also been willing to provide children and youths with financial aid.

1. Fair Business Conduct

Viewing that fair business conduct will gain stakeholders’ trust, it has been adhering to this principle by taking the following actions:-

- 1) Procuring copyrighted computer software and refraining from intellectual property infringement
- 2) All improper incidents, which signify unfair practices against the company or other organizations, must be made known via incident reports
- 3) Having developed its Corporate Governance Handbook and a charter for each of its committees, Aikchol ensures that all committees and executives perform their duties with integrity in full compliance with applicable laws and corporate governance regulations. This demonstrates its commitment to corporate governance, ethical business practices and social responsibility.
- 4) All employees are required to follow Aikchol's Code of Conduct. New employees must acknowledge its business practices, rules and regulations based on its code of conduct handbook. It believes that this guideline will play a part in building all stakeholders’ trust and confidence.

2. Anti-Corruption

The company promotes its management system to operate with ethics, integrity, and social responsibility. The Board defined practical guidelines to prevent and eliminate corruption. It assigned the Audit Committee to review, audit, and lay out a proper and effective system. This is because it values a good system, which will mitigate operational risks, immediately detect errors, streamline regulatory structures, and prevent corruption.

It is a company policy to promote anti-corruption practices among suppliers and forge their awareness. It communicated with them that Board directors, executives, and all employees must not accept any gifts or benefits.

The company established a transparent audit process and an internal control system, with complaint-making channels. It also expects all employees to monitor compliance. Furthermore, Aikchol has an explicit internal risk reporting system via the intranet to access and report risk information.

The implemented guidelines consist of:

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

3. Respect for Human Rights

The company conducts business by adhering to virtues and humanity. It respects human rights and dignity, which are the fundamental rights and lead it to equally treat all personnel and stakeholders. It enables employees with lawful rights and freedom by allocating the right jobs for their competence and potential. Furthermore, Aikchol

continuously generates income for the disabled by employing them based on their competence.

It focuses on efficient and effective treatment, has a policy on patients' rights, and publicly announces it so that all patients may be aware of their rights and responsibilities. It also defines a policy to safeguard confidential information and privacy of patients and all employees.

4. Fair Treatment of Employees

Aikchol, valuing employees as corporate growth engine, focuses on fair employee treatment. It applies equity and non-discrimination principles and ethically treats all employees. This leads to the company's solid foundation as well as steady and sustainable corporate development.

The company treats all employees in compliance with laws and internal regulations. It not only respects their rights and responsibilities, but also offers equal employment opportunities. It does not employ child labor. Instead, it offers everyone an equal chance regardless of race, religion, political view, gender, or disability. Moreover, Aikchol creates a positive work environment by keeping the workplace safe and hygienic, which meets the principles of occupational health, and fosters a supportive corporate culture.

Recognizing the importance of employment, Aikchol offers fair and appropriate compensation and welfare management so that the employees may receive competitive payment that is suitable for their talents and specialized skills while enjoying a good quality of life. To encourage them to put their full efforts into working effectively, it fairly promotes, rotates, rewards, and disciplines them. Additionally, the company focuses on employee development by offering each of them a chance to attend continuing training, which enhances their skills, capability, competencies, and work experience.

5. Accountability to Consumers

Focusing on efficient and effective work systems that meet standards to gain patients' trust in its quality of service, Aikchol applies hospital-related standards in patient service, such as JCI and HA. It established a dedicated committee to regulate and review the standards and employ fair marketing practices without propaganda. It also provides accurate and comprehensive information before treatment, such as causes of symptoms, treatment methods, medical expenses, preventive guidelines, and post-treatment instructions. Furthermore, it gives patients a chance to decide and a right to choose, such as other treatment options and choices of accommodation, to optimize their satisfaction. It also collects the patients' comments and complaints for continual improvement of healthcare services.

6. Environmental Management

The company is committed to the optimal utilization of natural resources and energy, strictly complies with environmental laws, and promotes employee participation in communities.

It appointed an Environmental, Occupational Health and Safety Committee to supervise, monitor, and scrutinize the hospitals' safety and environmental operation. It constructed a standardized wastewater treatment system, which improves the quality of waste water based on the standard of the Department of Health, Ministry of Public Health, before discharging it into public waterways. It regularly checks the quality of treated water and procures environment-friendly supplies for hospitals, such as products certified by the Thailand Environment Institute (TEI) made from eco-friendly processes which utilize recycled pulp, or both.

7. Community or Social Development

While the public still awaits updates on the Eastern Economic Corridor (EEC) Project as an important development of the 20-year National Development Strategy and closely follows Chon Buri residents' opinions whether its development will benefit the locals, global trends still dictate the importance of environmental protection and social responsibilities of the business sector. Aikchol Hospital has constantly maintained its focus on social responsibility and sustainable operations by integrating CSR into company plans and made it a networking hub between business cooperation and the social sector for friendly exchange of knowledge and experience, leading to more sustainable business.

7.1 External CSR

- **Health Education promotion program**

Aikchol established a health and sanitation education program through creation of an exhibition and events on significant days. Health knowledge is also distributed on websites and other media throughout the year.

- **Healthcare in the community**

The Company mutually organized activities with government agencies by sending medical and nursing teams to educate people about various diseases at schools, temples, communities, institutes, or foundations in ChonBuri and surrounding areas. Preliminary health checkups are offered as well as post-check-up recommendations. First-aid teams and mobile rescue ambulances are also sent out to support local government events.

- **Cardio-Pulmonary Resuscitation (CPR) training**

Aikchol has set up a quality of life and safety program for the local public. The Accident and Emergency Center has also provided CPR training and basic first-aid to factories, officers, personnel, and the public

for the last several years. At present, training for saving lives with to the Automated External Defibrillator (AED) has been added.

- **Blood Donation Campaign**

Aikchol Hospital and Aikchol 2 Hospital, in cooperation with the Blood Donation Center, the Thai Red Cross Society of ChonBuri Province, organized a blood drive project to attract those who wished to be of benefit to people and society by donating blood four times a year. This is part of the project of “Doing Good with the Heart”, focusing on the happiness and fulfillment that comes from Sharing being a giver.

- **Beach cleaning project**

Cleanliness is a vital aspect in attracting tourists to the seaside and promoting tourism in ChonBuri, especially Bang Saen Beach. In Promoting this awareness, the Company has initiated a cleaning event, encouraging employees to volunteer to sweep and remove debris washed ashore on the beach as part of doing good deed for the nature. It may seem a short-term activity, but the program aims to instill spark consciousness in passers-by to develop social conscience and contribute to help solve global environmental issues that are becoming critical with ocean pollution.

7.2 Internal CSR

- **Dhamma Practice Program**

In operating a sustainable business, the Company organized a Dhammapractic (meditation) Program to allow employees to achieve understanding of the concept of suffering and peaceful co-habitation in society. The Buddhist practice and meditation provide trainees with knowledge about the principles of human relations such as unity, compassion and giving, respect, as well as understanding of oneself and others. A hospital’s duty is to look after patients, provide knowledge about diseases, as well as preventing and helping cure them. Practicing Dhamma means training the mind, and the principle is that, once the mind understands the reality of life, the body will become substantial. This activity is organized annually and welcome everyone. To join.

- **Scholarship Funds**

Providing scholarships to those lacking funds to further their studies is one of Aikchol’s regular activities. The Company grants scholarships to high-school and university students, nurses, as well as students in other career paths that have good characters and study results but lack the opportunity to support their education.

The hospital also grants scholarships to children of hospital employees and other community schools in ChonBuri.

- **Exercise for Good Health**

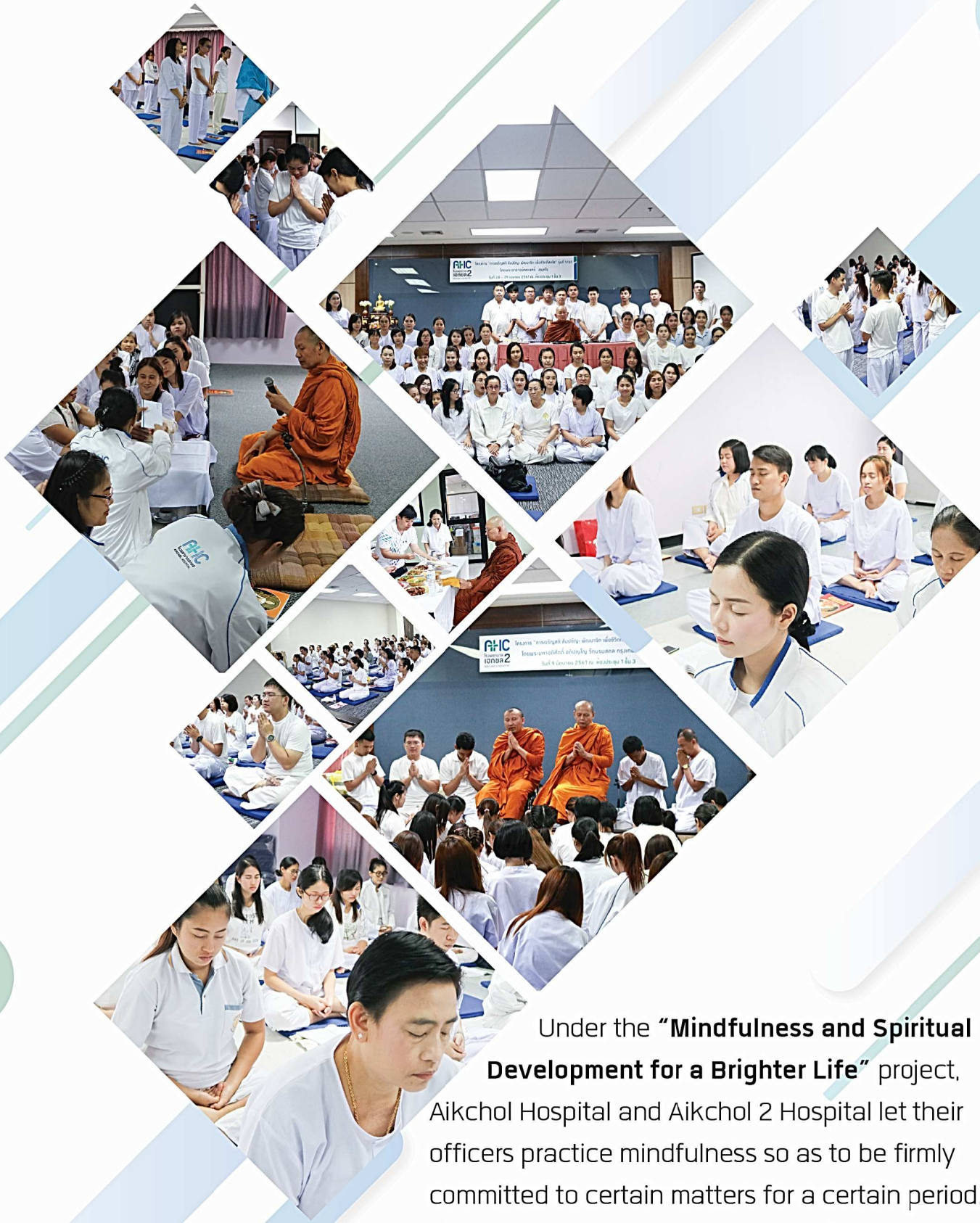
Aikchol promotes good health behavior and habits that include exercises for a healthy life, such as aerobics, yoga exercises, and zumba dance for working-age groups. The exercise campaign encourages all people to regularly change their postures, take up more exercise and sports, resulting in bodily benefits, increased relaxation from stress, and less chances of contacting diseases.



CSR

CORPORATE SOCIAL RESPONSIBILITY

AHC
โรงพยาบาลเอชแอล
AIKCHOL HOSPITAL



Under the **“Mindfulness and Spiritual Development for a Brighter Life”** project, Aikchol Hospital and Aikchol 2 Hospital let their officers practice mindfulness so as to be firmly committed to certain matters for a certain period. The resulting calm breeds intellect for everyday application.



CSR

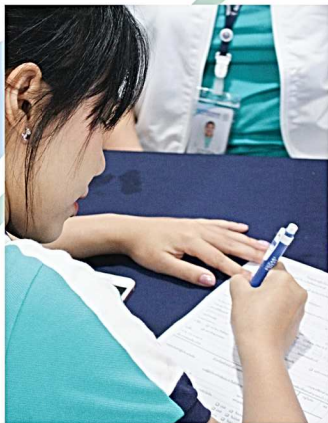
CORPORATE SOCIAL RESPONSIBILITY

AHC
โรงพยาบาลเอชแอล
AIKCHOL HOSPITAL

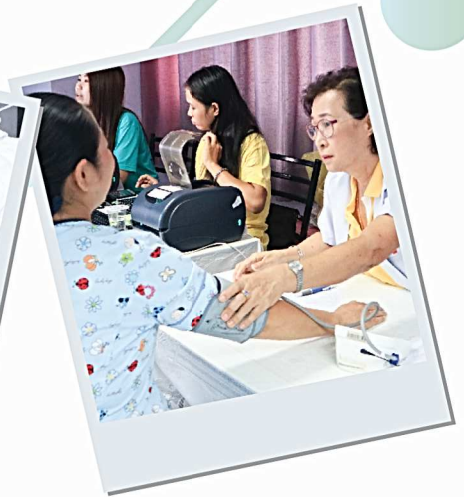
Aikchol Hospital Plc and the Thai Red Cross Society organized an **"Aikchol Blood Project"** at Aikchol Hospital and Aikchol 2 Hospital. Blood donation does save lives!

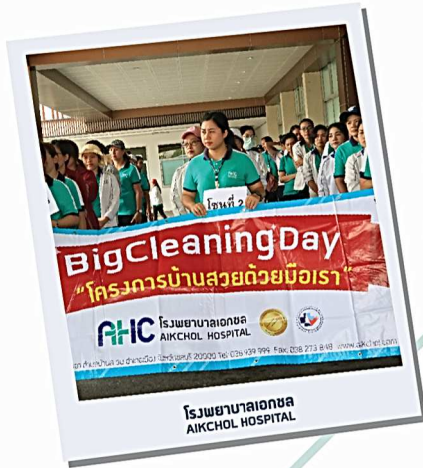


โรงพยาบาลเอชแอล
AIKCHOL HOSPITAL



AHC





“Big Cleaning Day” 2018 featured five batches of employees. The project promoted everyone’s efforts to keep the surroundings clean and lower the hospitals’ garbage volumes.





CSR

CORPORATE SOCIAL RESPONSIBILITY

AHC
โรงพยาบาลอภัย
AIKCHOL HOSPITAL



Aikchol Hospital and Aikchol 2 Hospital promoted an **“Aikchol Slim in Healthy Workplace”** twice-a-week exercise program for its officers to promote good health and physical exercises to relieve stress.





CSR

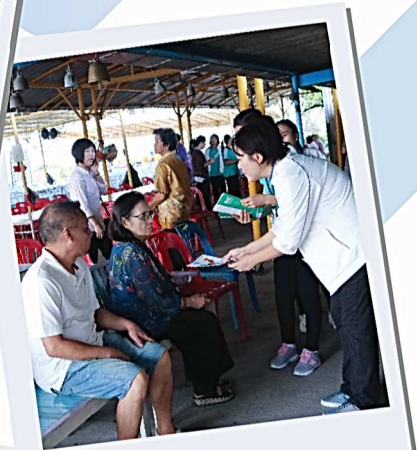
CORPORATE SOCIAL RESPONSIBILITY

AHC
โรงพยาบาลเอชแอล
AIKCHOL HOSPITAL

Aikchol Hospital's offsite activities under the **"Aikchol Good Health for Society"** project featured blood pressure measurement, physical checkups, and health advice for community residents of Talat Kao AngSila, Wat NoenSuthawat, Wat Yailntharam, and Wat Mueang Mai. The aim was to drum up awareness of health care for oneself.



โรงพยาบาลเอชแอล
AIKCHOL HOSPITAL





On January 9, 2018, Aikchol donated patients' beds and wheelchairs to Ban Bueng Hospital, Chon Buri.





CSR

CORPORATE SOCIAL RESPONSIBILITY

AHC
โรงพยาบาลเอกชล
AIKCHOL HOSPITAL



Aikchol Hospital and the Saen Suk Municipality staged activities under the **“Aikchol United for Environmental Conservation”** project, featuring activities for the conservation and improvement of Bang Saen Beach and the Na Cha Thai Chue Shrine to maintain Chon Buri’s legacies.

Internal control and risk management

Aikchol values an efficient internal control system at both management and operating levels. To achieve efficiency, the Board of Directors provides oversight and assign the Audit Committee the responsibility for review to ensure Aikchol's suitable and effective system to lower business risks and operating process risks to manageable levels; to aid the detection of shortcomings; to give accuracy and credibility to financial reports; and support its goal achievement. To achieve a clear approach, the Board defined an Audit Committee Charter, which aligns with SET's corporate governance code and regulations on the qualifications and scope for its work.

The Executive Committee oversees corporate risk management and the internal control systems by appointing ad hoc committees and assigning them to in turn oversee risk management and control of their assigned responsibilities on behalf of Aikchol.

Oversight of the internal control system and risk management

It is through the Executive Committee and the Audit Committee, appointed by the Board, that Aikchol oversees business conduct and due adequacy of its internal control system. Below are key structures:

1. The Executive Committee oversees corporate risk management and the internal control system. To this end, it appoints a hospital risk committee to look after risk management and control of assigned responsibilities.
2. The Audit Committee works independently on assessing the adequacy and suitability of the internal control system, defined and overseen by the Executive Committee, and the efficiency of the audit process. The Audit Committee reviews the adequacy assessment form for internal control. As for oversight, the policy and approach for Internal Audit's work are revised. The suitability of the system is supervised by Internal Audit to assess the essential accuracy of financial status reports, business transparency, adequacy and suitability of the internal control system and audit system of each operation, and the assurance that Aikchol has in place operating procedures that conform to all legal provisions and the authority's requirements.
3. The Risk Management Committee defines risk management strategies together with overseeing and assessing business risks, and monitoring updates for reporting to the Board.

Overview of the internal control system and risk management

Risk management forms the operating scope of various inter-related components, ranging from the oversight and corporate culture-forming for risk management; definition of the objectives of corporate strategies with linkages to the risk management process; risk assessment and risk management in support of the achievement of such objectives; to

oversight of execution as well as communication and reporting. On the other hand, the internal control system represents an integral element of risk management—one that delivers value and enhances mutual operating efficiency. Aikchol formulated the system and risk management embracing corporate down to activity levels in compliance with international standards, under which the corporation can achieve operations goals in an effective and efficient way, and compliance with the law and reporting may be both suitable and credible.

Aikchol has in place an ambience that promotes internal control, ranging from requiring employees' integrity and work ethics as a core corporate value; defining a policy and guidelines for internal control; establishing a reporting structure with checks and balances; and defining the authority for issuing directives and responsibilities suiting jobs to achieve corporate objectives. The Board and the management ensures a volume of work that suits each employee, leading to each position's proper operating workload. In place are KPIs to aid performance appraisals leading to pay considerations, as are competencies serving as a tool for human resource administration by way of suitable incentives and rewards. Employees receive training to further their knowhow and skills. As for work oversight, the Board supervises the Executive Committee's performance and the efficiency of internal control and risk management. The Audit Committee performs independently through Internal Audit's work on efficiency assessment of risk management and the internal control system.

To ensure that Aikchol commands compliance with an internal control system that is efficient and suits operating circumstances and actual work while lowering risks against objective accomplishment or damage to the corporation, or both, Aikchol has defined a key policy and approach for control and approval authority that suit for enforcement in the company. Segregation of duties is clear among responsible parties on defining control activities, responsible personnel, monitoring parties, and supervising parties—along with an efficiency assessor to allow suitable checks and balances.

Constantly in place is Aikchol's information system development to improve the quality of data and communication that is efficient, timely, and supportive of internal control's alignment with Aikchol's approach to achieving its objectives. Aikchol also has in place channels and processes for internal and external communication that are both suitable and necessary so that data can be communicated to all related parties in an accurate, complete, and timely way.

To ensure relentless efficiency of internal control, Aikchol monitors and assesses the outcomes of such control by instituting channels for reporting and communicating internal control shortcomings to responsible parties for timely corrective measures. Also, an audit process has been defined through Internal Audit, which assesses the efficiency of the internal control system and compliance with laws, regulations, and requirements of regulator under a defined plan. Finally, the audit outcomes of internal control compliance are to be regularly reported to the top management and applicable committees.

Board's view on the internal control system

At Board Meeting No. 313 of February 12, 2019, attended by four independent directors, all of whom are also Audit Committee members, the Board reviewed the five components of its internal control system assessment, namely control environment, risk assessment, control activities, information and communication, and monitoring activities. The Board's view was that the system was indeed an adequate and suitable for business. To this end, Aikchol ensures adequate internal control system and manpower to operate with efficiency. Finally, in place is a monitoring and supervision system for Aikchol's business execution that complies with a sound internal control system, with suitable measures for preventing transactions of potential conflicts of interest.

Chief of Internal Audit

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 August 23, 2018, 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>2018</u>	<u>2017</u>	<u>2016</u>
Summary of financial statements			
Total Revenues	1,671,771	1,584,015	1,620,160
Medical Service Income	1,636,781	1,547,838	1,585,501
Gross Profit Margin	253,097	231,378	300,307
Net Profit	140,716	127,867	182,538
Total Assets	1,850,063	1,756,979	1,712,711
Total Liabilities	298,686	300,808	279,028
Total Shareholders' Equity	1,551,377	1,456,171	1,433,683
Financial ratios			
Liquidity ratios			
Current Ratio (times)	3.75	3.23	3.22
Quick Ratio (times)	3.54	3.04	3.06
Average Collection Period (days)	17.65	16.36	14.75
Average Inventory period (days)	12.21	11.14	9.93
Average Payable Period (days)	19.92	20.90	20.09
Profitability Ratios			
Gross Profit Margin Ratio (%)	15.46	14.95	18.94
Net profit on Sales (%)	8.42	8.07	11.27
Return on Equity (%)	9.36	8.85	13.21
Efficiency Ratios			
Return on Assets (%)	7.80	7.37	11.18
Financial policy ratio			
Debt to Equity Ratio (times)	0.19	0.21	0.19

Management Discussion and Analysis : MD&A

Performance and Profitability

Hospital Operating Revenue

The year 2018, the total medical care revenue from both hospitals were Baht 1,671.77 million, an increase of Baht 87.76 million or 5.5% from last year. This was caused by rising revenue from out-patients and in-patients of Baht 87.51million or 7.7% and the increasing revenue from the Social Security Program of Baht 1.43million or 0.4%.

Other Revenues

Other revenues in year 2018 totaled Baht 34.99 million, a decrease of Baht 1.19 million or 3.3% from last year. This came from lower income support from the government.

Cost of Medical Treatment

The total medical care costs and administrative expenses from both hospitals in year 2018, including depreciation and amortization, stood at Baht 1,497.25 million, an increase of Baht 71.70 million, 5.0% year-on-year.

The growth in medical care cost was Baht 67.08 million, primarily due to rising costs of medicines, medical supplies, and consumables as a consequence of the increasing number of patients, the restructuring of salaries in compliance with the minimum daily wage, more expenses incurred from computer programs to support new operating and management systems, purchasing medical equipment, and building renovation.

The rise in administrative expenses was Baht 4.63 million, largely owing to the restructuring of salaries in line with the minimum daily wage and the expenses for Joint Commission International (JCI) Program. This resulted in an EBITDA of Baht 234.97 million, an increase of Baht 16.95 million or 7.8%. Its EBITDA margin stood at 14.1%, against 13.8% of 2017.

Interest Expenses

Aikchol has no outstanding debt. Therefore it is free from any interest expense burden.

Income Tax

In year 2018, Aikchol's corporate income tax equaled Baht 33.80 million, an increase of Baht 3.21 million or 10.5%, which represented expenses as a function of profits.

Annual Net Profit

In year 2018, a net profit of Baht 140.72 million was recorded, a rise of Baht 12.85 million or 10.1%. The net profit per share equaled Baht 0.94 compared to Baht 0.82 of 2017.

Total Comprehensive Profit

In year 2018, comprehensive profit was Baht 160.98 million, a gain of Baht 44.32 million or 38.0% over the previous year due to the rise in last year's net profit of Baht 12.85 million and the rise in the fair value of available-for-sale securities, namely those of Bangkok Dusit Medical Services Plc., which underwent revaluation to increase by Baht 39.33 million. This was deducted by Baht 7.87 million in lower income tax on possible reclassified items.

Asset Management Ability

Financial Position

Assets

Key components relating to significant changes in assets and asset quality as of December 31, 2018, are detailed below:

- Cash and cash equivalents was Baht 642.37 million , up Baht 175.79 million year-on-year, in line with the incoming cash flow and the net spent on public financial instruments with high liquidity.
- Account receivables in net trade were Baht 81.31 million, a rise of Baht 6.23 million from the previous year. This represented current account receivables under Aikchol's average of 18 days of debt collection period. Note that these debtors were considered high-grade account receivables, such as government agencies, insurance companies, life assurance companies, and other firms with contracts for transferring employees to receive medical services at the hospital. Aikchol has reviewed its allowance for doubtful accounts and bad debts in line with the defined financial reporting standard on a quarterly basis.
- Long-term investment on available-for-sale securities represented those of Bangkok Dusit Medical Services Plc. valued at Baht 164.67 million, recorded at book value at the end of 2018.
- Inventory was Baht 47.63 million, up Baht 2.67 million, was intended to accommodate the growing number of out-patients, in-patients, and medical check-up programs. In this case, Aikchol considered the entire inventories of high quality – that is, constantly circulated goods with an average turnaround of 12 days. Therefore Aikchol decided not to book an allowance for deteriorated or expired inventory.
- Land, buildings and equipment totaled Baht 757.58 million net, a drop of Baht 24.12 million from last year. Aikchol kept investing in buildings, components and medical equipment to enhance its service performance and accommodate growth. In 2018 the investment was valued at Baht 33.19 million, whereas depreciation during the year amounted to Baht 57.06 million.
- Intangible assets accounted for Baht 43.51 million net, Baht 6.59 million up from last year, because of the computer program investment during mid-2018 to support medical treatment for maximum efficiency.

Liabilities and Sources of Funds

Suitability of Capital Structure

The financial structure of Aikchol remained robust, respectively. As of December 31, 2018 and 2017, the debt-to-equity ratios were 0.19 and 0.21, respectively. It firmly maintained a strict management policy and control over its financial structure, keeping financial ratios and liquidity appropriate.

Liabilities

Aikchol was completely free of short-term and long-term loans. Most liabilities were from account payables with timely payment. Non-current liabilities were in the form of retirement benefits for employees, accounting for Baht 46.05 million and deferred liabilities of Baht 23.02 million.

Equity

As of December 31, 2018 and 2017, total equity stood at Baht 1,551.38 million and Baht 1,456.17 million, respectively. Equity has steadily increased largely because of Aikchol's consistent profitability.

Liquidity and Capital Adequacy

Cash Flow

As of December 31, 2018, Aikchol held net cash and cash equivalents of Baht 642.37 million, a net increase of Baht 175.79 million compared to Baht 466.58 million in December 31, 2017, which was sufficient for timely account payable payment and juristic-person income tax, dividends and other expenses. Loans were therefore unnecessary. Aikchol provided cash investment under its business plan for efficient and modern medical services, such as medical equipment and facilities renovation to accommodate a steadily rising number of patients.

Key Ratios

In 2018 and 2017, Aikchol maintained current ratios of 3.75 and 3.23, respectively. Whereas quick ratios were 3.54 and 3.04, respectively. Considering all these ratios, it was found that Aikchol's key current ratios remained robust, demonstrating its high competency in short-term financial obligation payment.

Liability Obligations and Off-Balance Sheet Liability Management

As of December 31, 2018, Aikchol engaged in bank guarantee obligation with a certain commercial bank. It leveraged its fixed deposit to guarantee the use of electricity provided by the Provincial Electricity Authority and the Social Security Office, a total amount of Baht 23.46 million.

key Factors Affecting Future Performance and Financial Status

The hospital business is growing continuously, as seen from the accessibility of middle and small hospitals for financing their projects through the Stock Exchange of Thailand (SET) to improve or expand their businesses and strengthen medical services standards so as to ultimately enhance competitiveness. Supporting factors included not only an aging society, complicated diseases such as cancer, vascular diseases, diabetes, but also the government's infrastructure development policy, including the Eastern Economic Corridor (EEC) and the continuous progress of medical technology.

Higher hospital business competition is fully expected, thus compelling Aikchol to correspondingly develop higher treatment quality with a focus on clinical excellence of the Joint Commission International (JCI)'s standard requirements. This includes greater development of both services and modern facilities to satisfy and retain customers with our service delivery.

Currently, the entire domestic hospital business is encountering a shortage of medical personnel and nurses. Graduation of these human resources is highly dependent on the government, causing Aikchol to not only compete with other medical business operations, but also try to retain its medical personnel, nurses and experts. These result in a sharp increase in operating costs, such as salary adjustment, welfare and other benefit packages. The hospital, however, has set a standard of its welfare that is competitive with other hospitals in the vicinity together with a clear-cut and fair evaluation measure for all its medical staff.

However, the domestic purchasing power has not fully recovered, while one is seeing the rising of medical service charges of private hospitals; as a result, some service users choose government hospitals or social security hospitals or subscribe to health insurance companies. This makes Aikchol shoulder higher medical costs, which is indeed a challenge.

Report of the Audit Committee

The Audit Committee was appointed following a resolution of the Board of Directors Meeting No. 308 of April 23, 2018, to a two-year term with effect from April 28, 2018, on appointment/term extension. The committee performed its Board-assigned duties under its charter, with a focus on reviewing the financial statements, corporate governance, risk management system, internal control system, internal audit system, and review of compliance with securities and exchange laws, SET's requirements, and other applicable laws. The committee exercised its competencies, care, and due freedom to ensure that Aikchol operates under transparent, credible management.

The Audit Committee is made up of

- | | | | |
|----|-----------------------|-------------|----------|
| 1. | Mr. Krisada | Banchuin | Chairman |
| 2. | Mr. Vichai | Dhepchalerm | Member |
| 3. | Assoc.Prof.Dr. Atirek | Chivabongs | Member |
| 4. | Mrs. Thitawat | Pothanant | 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 held 11 meetings at Aikchol Hospital and 11 meetings at Aikchol 2 Hospital.

The highlights of the committee's performance under its charter are as follows:

1. Reviewed the quarterly and annual financial statements, which had undergone the external auditor's examination and audit before submission for the Board's approval. The reviews were attended by representatives of the committee, the management, and the external auditor before a concurrence was given.

The committee agreed with the external auditor that Aikchol's preparation of these financial statements was materially accurate and credible under generally accepted accounting principles, and were duly disclosed.

2. Reviewed the efficiency and adequacy of the internal control system.
The committee regarded Aikchol's internal control system as suitable, efficient, and adequate to mitigate its risks to manageable levels.
3. Approved the 2019 audit plan submitted by Internal Audit and, each quarter, reviewed audit findings, while ensuring that Internal Audit monitored assigned matters to ensure that corrections or improvements were made as recommended by the committee or Internal Audit.
4. Reviewed Aikchol's compliance with securities and exchange laws, SET's requirements, and applicable laws.

The committee regarded Aikchol's practices as being in compliance with applicable laws and other requirements.

5. Reviewed Aikchol's related party transactions or those that could involve conflicts of interest to ensure compliance with normal business practices under applicable laws.

The committee found no related party transactions or those that could involve conflicts of interest this year.

6. On January 24, 2019, the committee held an exclusive meeting with the external auditor in the absence of the management for the external auditor's independence in reporting problems or limitations arising from its audit of financial statements.
7. The committee advocated corporate governance for shareholders and employees to directly provide tips (under the whistleblower system) on complaints or suspicious items in financial reports or the internal control system to the committee and the management as stated in Aikchol's code of conduct, or at E-mail: cg@aikchol.com.

The Audit Committee also agreed to select the external auditor and set an audit fee for 2019 for the Board of Directors's endorsement and the 2019 AGM's approval for auditors attached to Dhammaniti Auditing Co., Ltd., as the external auditor with an audit fee of 915,0000 Baht.

On behalf of the Audit Committee



(Mr. Krisada Banchuin)
Chairman, Audit Committee

January 24, 2019

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, 2018, are essentially and reasonably accurate under generally accepted accounting principles.



Mr. Apirag Vanich

Chairman of the Board



Ms. Phortchana Manoch

Chairman of the Executive Committee



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**



INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the financial statements of Aikchol Hospital Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Aikchol Hospital Public Company Limited as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters



Revenue recognition from general medical treatment

The revenue from medical service is the core transaction that affects the operation and has material value, representing 74% of total revenues. The revenue from hospital operations has several components such as revenues from sales of medicine and medical supplies, revenues from medical services, revenues from patient rooms, etc. Therefore, I have paid special attention with respect to the amount, value and timing of the Company's revenue recognition.

I audited the revenue recognition from medical treatment by assessing the appropriateness and testing the effectiveness of the internal control system with respect to the revenue cycle by making enquiries of the responsible persons, gaining an understanding and selecting samples to test the operation of the designed controls. In addition, I random audited the supporting documents for medical fee transactions that occurred during the year and near the end of the reporting period. I also audited credit notes that the Company issued after the end of the period. In addition, I performed comparative data analysis of subdivide revenue account to detect possible irregularities in medical fee transactions throughout the period, particularly for accounting entries made through journal vouchers.

Revenue recognition of medical treatment from Social Security

The Company has medical treatment revenue from the Social Security Office on the part of the insured who select medical treatment at the hospital and in-patient cases burden with high-cost diseases as presented in the financial statements, representing 24% of total revenues. Receiving money from such revenue in each time has to be approved from the Social Security Office and the consideration process by the Social Security Office takes long time. Regarding the measuring process of the revenue amount to be recognized, it requires significant judgment of the management due to the uncertainty related to the amount to be received which depends on the allocation of the Social Security Office in each year. The Company will receive cash income from the Social Security Office according to the method of calculation and rate determined by the announcement of the Medical Board issued under the Social Security Act, B.E. 2533. To ensure that the medical service fee revenue from social security is recognized in the accounts correctly and appropriately. Accordingly, I have paid special attention to the revenue recognition of medical service fee from social security because the transaction is a risk to the financial statements.

I made an understanding for the process of estimating the medical service revenue for in-patient cases with burden of high-cost disease by investigating the sources and reliability of the insured persons' information used in calculating the revenue estimate, assessing the appropriateness of the severity rate of the disease by comparing with the rules, method and conditions as announced by the Social Security Office, testing the completeness of the recording of the use of Social Security service against the recording system of the Social Security, testing the accuracy of the estimates of the management by comparing between the basis of the management and the basis, procedures and conditions announced by the Social Security Office and testing the items in the journal entries prepared by the management with respect to the recognition of revenue estimate. This also includes comparing of receipts during the period and analyzing the difference cause compared to the estimated medical service revenue and reviewing the receiving of medical service fee for the cases with burden of high-cost disease after the end of the accounting period.



Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner responsible for the audit resulting in this independent auditor's report is Miss Roongnapha Saengchan.

(Miss Roongnapha Saengchan)

Certified Public Accountant

Registration No. 10142

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 7, 2019

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2018**

		<u>ASSETS</u>	
		Baht	
	Note	2018	2017
Current assets			
Cash and cash equivalents	6	642,366,984	466,576,117
Current investments	7	62,296	100,994,721
Trade accounts receivable	8	81,312,424	75,081,151
Accrued income		85,237,223	84,954,710
Inventories	9	47,633,289	44,974,277
Other current assets		3,547,502	3,248,044
Total current assets		860,159,718	775,829,020
Non-current assets			
Fixed deposit pledge as collateral	7	23,460,761	23,138,196
Long-term investment	7	164,666,502	139,333,194
Property, plant and equipment	10	757,580,833	781,700,870
Intangible assets	11	43,505,728	36,913,709
Other non-current assets		689,189	64,190
Total non-current assets		989,903,013	981,150,159
Total assets		1,850,062,731	1,756,979,179

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, 2018****LIABILITIES AND SHAREHOLDERS' EQUITY**

	Note	Baht	
		2018	2017
Current liabilities			
Trade accounts payable		75,051,656	75,970,562
Other payable		3,876,456	1,089,885
Accrued expenses	13	117,301,018	116,656,560
Accrued income tax expenses		5,559,436	12,371,106
Other current liabilities	14	27,827,007	34,108,349
Total current liabilities		229,615,573	240,196,462
Non-current liabilities			
Employee benefits obligation	15	46,047,616	41,631,676
Deferred tax liabilities	12	23,022,276	18,980,097
Total non-current liabilities		69,069,892	60,611,773
Total liabilities		298,685,465	300,808,235

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, 2018****LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)**

	Baht	
	2018	2017
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	14,990,926
Unappropriated	1,182,503,871	1,107,564,196
Other components of equity		
Unrealised gain on long-term investments	129,973,205	109,706,558
Total shareholders' equity	1,551,377,266	1,456,170,944
Total liabilities and shareholders' equity	1,850,062,731	1,756,979,179

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, 2018

	Note	Baht	
		2018	2017
Revenues			
Medical service income		1,636,781,435	1,547,837,570
Other income	18	34,989,541	36,177,000
Total revenues		1,671,770,976	1,584,014,570
Expenses			
Cost of medical services		1,383,684,179	1,316,460,409
Administrative expenses		78,560,659	74,044,160
Directors and management's remuneration	22	35,007,834	35,046,799
Total expenses		1,497,252,672	1,425,551,368
Profit before income tax expenses		174,518,304	158,463,202
Income tax expenses	20	33,802,618	30,595,991
Profit for the year		140,715,686	127,867,211
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain (loss) on long-term investment		25,333,308	(13,999,986)
Income tax relating to be reclassified		(5,066,661)	2,799,997
		20,266,647	(11,199,989)
Other comprehensive income (loss) for the year		20,266,647	(11,199,989)
Total comprehensive income for the year		160,982,333	116,667,222
Basic earnings per share (Baht per share)	24	0.94	0.85

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, 2018

		Baht					
		Issued and paid-up share capital	Share premium	Retained earnings		Other components equity	Total shareholders' equity
	Note			Appropriated to legal reserve	Unappropriated	Unrealised gain from long-term investment	
Beginning balance as at January 1, 2018		149,909,264	74,000,000	14,990,926	1,107,564,196	109,706,558	1,456,170,944
Dividend	17	-	-	-	(65,776,011)	-	(65,776,011)
Total profit for the year		-	-	-	140,715,686	-	140,715,686
Other comprehensive income-net from income tax							
Gain on long-term investment		-	-	-	-	20,266,647	20,266,647
Balance at December 31, 2018		149,909,264	74,000,000	14,990,926	1,182,503,871	129,973,205	1,551,377,266
Beginning balance as at January 1, 2017		149,909,264	74,000,000	14,990,926	1,073,876,273	120,906,547	1,433,683,010
Dividend	17	-	-	-	(94,179,288)	-	(94,179,288)
Total profit for the year		-	-	-	127,867,211	-	127,867,211
Other comprehensive income-net from income tax							
Loss on changing actuarial estimates					-	(11,199,989)	(11,199,989)
Balance at December 31, 2016		149,909,264	74,000,000	14,990,926	1,107,564,196	109,706,558	1,456,170,944

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

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED****STATEMENTS OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2018**

	Baht	
	2018	2017
Cash flows from operating activities		
Profit for the year	140,715,686	127,867,211
Adjustment to reconcile net profit (loss) to net cash provided by (used in) operating activities		
Depreciation and amortisation	60,451,677	59,604,250
Interest income	(5,573,619)	(5,538,668)
Bad debt written off and allowance for doubtful accounts	1,185,205	400,945
Gain on sale of fixed assets	(19,992)	(5,434)
Loss on assets written off	241,319	306,667
Dividend income	(2,399,997)	(2,133,331)
Employee benefits obligation cost	8,672,090	7,841,373
Income tax expense	33,802,618	30,595,991
Net profit (loss) provided by operating activities before changes in operational assets and liabilities	237,074,987	218,939,004
(Increase) decrease in operational assets		
Trade accounts receivable	(7,416,478)	(6,246,770)
Accrued income	(277,347)	306,814
Inventories	(2,659,012)	(9,619,075)
Other current assets	(299,458)	3,086,089
Other non-current assets	(624,999)	-
Increase (decrease) in operational liabilities		
Trade accounts payable	(918,906)	1,208,813
Accrued expenses	644,458	5,676,032
Other current liabilities	(6,281,342)	14,261,831
Employee benefits abigation	(4,256,150)	(2,864,750)

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, 2018**

	Baht	
	2018	2017
Cash flows received operating activities	214,985,753	224,747,988
Income tax paid	(41,638,770)	(33,502,354)
Net cash provided by operating activities	173,346,983	191,245,634
Cash flows from investing activities		
Interest received	5,568,453	5,542,124
Dividend received	2,399,997	2,133,331
Decrease in current investments	100,932,425	222,723,919
Increase in fixed deposit pledge as collateral	(322,565)	(8,714,196)
Purchase of land, plant and equipment	(30,403,265)	(40,957,210)
Purchase of intangible assets	(9,980,304)	(4,106,840)
Sale of equipment	25,154	58,374
Net cash used in investing activities	68,219,895	176,679,502
Cash flows from financing activities		
Dividends paid	(65,776,011)	(94,179,288)
Net cash used in financing activities	(65,776,011)	(94,179,288)
Net increase (decrease) in cash and cash equivalents	175,790,867	273,745,848
Cash and cash equivalents at beginning of year	466,576,117	192,830,269
Cash and cash equivalents at end of year	642,366,984	466,576,117

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



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. GENERAL INFORMATION

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

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

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

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the Thai financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.

3. THE FINANCIAL REPORTING STANDARDS ARE EFFECTIVE IN THE CURRENT YEAR

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards, which are effective for the fiscal year beginning on or after January 1, 2018 are as follows:

TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events After the Reporting Period



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

TAS 11 (revised 2017)	Construction Contracts
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2017)	Earnings Per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible assets
TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
TFRS 2 (revised 2017)	Share-Based Payment
TFRS 3 (revised 2017)	Business Combinations
TFRS 4 (revised 2017)	Insurance Contracts
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2017)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****DECEMBER 31, 2018**

TFRS 13 (revised 2017)	Fair Value Measurement
TSIC 10 (revised 2017)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases - Incentives
TSIC 25 (revised 2017)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2017)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2017)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2017)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2017)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2017)	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2017)	Service Concession Arrangements
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 14 (revised 2017)	TAS 19 (revised 2017)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2017)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 20 (revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2017)	Levies

The management of the Company evaluated that these revised accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations do not have any significant impact on the financial statements in current year.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

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.

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.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

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.

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.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

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.

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.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

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 other comprehensive income.

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, based on an accrual basis.

Revenues from social security is recognised on an accrual basis.

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.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

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.

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.

4.15 Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect amounts reported in the financial statements and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon past collection history, aging profile of outstanding debts.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

Accrued revenues from hospital operations

In determining the certain amount of receivable from the social security office provided to patients with severe diseases and of chronic diseases. In this regard, the amount of such income are set, adjusted and accrued based on the latest actual collection within current relative circumstances.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement in evaluating the conditions and details of the agreement whether significant risk and rewards of ownership of the leased asset has been transferred.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review the estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

In recording the initial recognition and measurement of intangible assets as at the acquired date and subsequent impairment testing, the management is required to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimated future taxable profits.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

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	
	2018	2017
Cash on hand	1,779,568	3,477,938
Cash at bank - savings accounts and current accounts	135,747,683	131,832,055
Short-term investment not over 3 months	504,839,733	331,266,124
Total	642,366,984	466,576,117

As at December 31, 2018 and 2017, cash at bank-savings accounts have interest at the floating rates at 0.38% per annum and 0.38% per annum, respectively.

As at December 31, 2018 and 2017, short-term investment is investment in government securities money market mutual funds and saving fixed income mutual funds with high liquidity which has return at the rate of 1.17% and 1.03%, respectively. Investment units are stated at fair value.

7. INVESTMENTS

Consisted of :-

	Baht	
	2018	2017
Current investment		
Mutual fund fixed income	62,296	100,994,721
Total	62,296	100,994,721
Fixed deposit pledge as collateral		
Fixed deposit pledge as collateral	23,460,761	23,138,196
Total	23,460,761	23,138,196
Long-term investment		
Equity security available for sale	164,666,502	139,333,194
Total	164,666,502	139,333,194



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

As at December 31, 2018 and 2017, investment in mutual fund fixed income has return at the rate of 0.63% per annum and 0.61% per annum, respectively.

As at December 31, 2018 and 2017, fixed deposits in the amount of Baht 23.46 million and 23.14 million, has interest rate at 1.25% per annum and 1.50% per annum, are pledged as collateral for the letters of guarantee issued by a commercial bank, respectively.

As at December 31, 2018 and 2017, 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			
	2018	2017	2018		2017	
			Cost	Market value	Cost	Market value
Bangkok Dusit Medical Services Plc.	0.06	0.06	2.20	164.67	2.20	139.33
Add unrealised gain from revaluation of security			162.47		137.13	
Total			164.67		139.33	

8. TRADE ACCOUNTS RECEIVABLE

Consisted of :-

	Baht	
	2018	2017
Within credit terms	62,579,791	51,469,099
Overdue:		
Less than 3 months	15,616,911	21,387,565
3-6 months	2,541,077	1,928,526
6-12 months	1,149,289	591,921
Over 12 months	732,866	305,076
	82,619,934	75,682,187
Less allowance for doubtful accounts	(1,307,510)	(601,036)
Net	81,312,424	75,081,151

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



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

9. INVENTORIES

Consisted of :-

	Baht	
	2018	2017
Medicine and medical supplies	39,935,381	37,165,589
Supplies	7,697,908	7,808,688
Total	47,633,289	44,974,277

10. PROPERTY, PLANT AND EQUIPMENT

Consisted of :-

	Baht				
	Balance per book as at Dec. 31, 2017	Additions	Transfer in (Transfer out)	Deductions	Balance per book as at Dec. 31, 2018
Cost					
Land	108,160,300	-	-	-	108,160,300
Buildings and building improvement	901,317,230	7,051,481	9,662,180	(355,751)	917,675,140
Medical equipment	298,015,809	3,538,276	-	(2,214,525)	299,339,560
Furniture and fixture	33,645,225	704,057	-	(270,743)	34,078,539
Office equipment	62,293,367	2,987,171	59,056	(1,097,724)	64,241,870
Vehicles	22,747,174	-	-	-	22,747,174
Assets under construction and installation	9,830,169	18,908,851	(9,721,236)	-	19,017,784
Total	1,436,009,274	33,189,836	-	(3,938,743)	1,465,260,367
Less accumulated depreciation					
Buildings and building improvement	362,569,518	30,878,971	-	(352,364)	393,096,125
Medical equipment	201,510,258	18,815,304	-	(2,012,193)	218,313,369
Furniture and fixture	29,763,004	1,036,808	-	(267,515)	30,532,297
Office equipment	45,598,051	4,905,552	-	(1,060,190)	49,443,413
Vehicles	14,867,573	1,426,757	-	-	16,294,330
Total	654,308,404	57,063,392	-	(3,692,262)	707,679,534
Net	781,700,870				757,580,833



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

	Baht				
	Balance per book as at Dec. 31, 2016	Additions	Transfer in (Transfer out)	Deductions	Balance per book as at Dec. 31, 2017
<u>Cost</u>					
Land	108,160,300	-	-	-	108,160,300
Buildings and building improvement	880,832,120	7,487,743	13,869,895	(872,528)	901,317,230
Medical equipment	294,118,022	7,771,247	(2,087)	(3,871,373)	298,015,809
Furniture and fixture	34,241,717	700,951	(527,435)	(770,008)	33,645,225
Office equipment	60,702,857	1,728,249	642,022	(779,761)	62,293,367
Vehicles	22,469,849	277,325	-	-	22,747,174
Assets under construction and installation	6,036,389	17,776,175	(13,982,395)	-	9,830,169
Total	1,406,561,254	35,741,690	-	(6,293,670)	1,436,009,274
<u>Less accumulated depreciation</u>					
Buildings and building improvement	332,683,544	30,575,320	-	(689,346)	362,569,518
Medical equipment	185,985,007	19,278,104	-	(3,752,853)	201,510,258
Furniture and fixture	28,972,805	1,548,012	-	(757,813)	29,763,004
Office equipment	41,166,997	5,165,104	-	(734,050)	45,598,051
Vehicles	13,343,032	1,524,541	-	-	14,867,573
Total	602,151,385	58,091,081	-	(5,934,062)	654,308,404
Net	804,409,869				781,700,870

Depreciation of the plant and equipment for the years ended December 31, 2018 and 2017 which were included in cost of medical services and administrative expenses, consisted of :-

	Baht	
	2018	2017
Cost of medical services	49,677,286	50,095,532
Administrative expenses	7,386,106	7,995,549
Total	57,063,392	58,091,081

As at December 31, 2018 and 2017, certain equipment and vehicle items of the Company have been fully depreciated but are still in use of cost in amount of Baht 277.97 million and Baht 240.15 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, 2018 and 2017 of approximately amounted of Baht 584.27 million and Baht 591.41 million, respectively.

As at December 31, 2018 and 2017, the Company covered All Risks Insurance Policy (ARIP) with an insurer. The sum insured has already been covered the value of the assets. The ARIP is renewed on an annual basis and a portion of proceeds from insurance claims under the ARIP.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

11. INTANGIBLE ASSETS

Consisted of :-

	Baht			
	Balance per book as at Dec. 31, 2017	Additions	Transfer in (Transfer out)	Balance per book as at Dec. 31, 2018
<u>Cost</u>				
Computer software	33,252,837	3,062,754	35,406,300	71,721,891
Computer software in progress	28,488,750	6,917,550	(35,406,300)	-
Total	61,741,587	9,980,304	-	71,721,891
<u>Less accumulated amortization</u>	24,827,878	3,388,285	-	28,216,163
Net	36,913,709			43,505,728

	Baht			
	Balance per book as at Dec. 31, 2016	Additions	Transfer in (Transfer out)	Balance per book as at Dec. 31, 2017
<u>Cost</u>				
Computer software	32,757,248	495,589	-	33,252,837
Computer software in progress	24,877,500	3,611,250	-	28,488,750
Total	57,634,748	4,106,839	-	61,741,587
<u>Less accumulated amortization</u>	23,314,709	1,513,169	-	24,827,878
Net	34,320,039			36,913,709

Amortisation of intangible assets for the years ended December 31, 2018 and 2017, which were included in cost of medical services and administrative expenses, consisted of :-

	Baht	
	2018	2017
Cost of medical services	3,156,439	1,296,385
Administrative expenses	231,846	216,784
Total	3,388,285	1,513,169

As at December 31, 2018 and 2017, 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, 2018

12. DEFERRED TAX ASSETS (LIABILITIES)

Changes in deferred tax assets (liabilities) for the year ended December 31, 2018 and 2017 are summarized as follows:

	Baht			
	Balance as at	Revenue (expenses) during the year		Balance as at
	Dec. 31, 17	In profit or loss	In other comprehensive income	Dec. 31, 18
Deferred tax assets:				
Trade account receivables	120,208	141,294	-	261,502
Employee benefit obligation	8,326,335	883,188	-	9,209,523
Total	8,446,543	1,024,482	-	9,471,025
Deferred tax liabilities:				
Unrealized gain on remeasuring available for sale				
Investments	(27,426,640)	-	(5,066,661)	(32,493,301)
Total	(27,426,640)	-	(5,066,661)	(32,493,301)
Deferred tax assets (liabilities)-net	(18,980,097)			(23,022,276)

	Baht			
	Balance as at	Revenue (expenses) during the year		Balance as at
	Dec. 31, 16	In profit or loss	In other comprehensive income	Dec. 31, 17
Deferred tax assets:				
Trade account receivables	82,314	37,894	-	120,208
Employee benefit obligation	7,331,010	995,325	-	8,326,335
Total	7,413,324	1,033,219	-	8,446,543
Deferred tax liabilities:				
Unrealized gain on remeasuring available for sale				
Investments	(30,226,637)	-	2,799,997	(27,426,640)
Total	(30,226,637)	-	2,799,997	(27,426,640)
Deferred tax assets (liabilities)-net	(22,813,313)			(18,980,097)



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

13. ACCRUED EXPENSES

Consisted of :-

	Baht	
	2018	2017
Accrued directors and management's remuneration	4,400,000	4,316,700
Accrued doctor fee	45,851,389	46,673,942
Accrued wages	9,991,411	8,310,004
Accrued Bonus	37,711,217	35,857,640
Accrued electricity	1,000,755	844,252
Accrued expenses - Social Security	3,112,407	6,661,685
Accrued other expenses	15,233,839	13,992,337
Total	117,301,018	116,656,560

14. OTHER CURRENT LIABILITIES

Consisted of :-

	Baht	
	2018	2017
Withholding tax	1,882,751	1,685,026
Advance received	9,177,891	18,305,473
Retention payable	2,003,885	1,763,077
Others	14,762,480	12,354,773
Total	27,827,007	34,108,349

15. EMPLOYEE BENEFITS OBLIGATION**The statements of financial position**

	Baht	
	2018	2017
Defined benefits obligation at January 1,	41,631,676	36,655,053
Benefits paid by the plan	(4,256,150)	(2,864,750)
Current service and interest costs	8,672,090	7,841,373
Defined benefits obligation at December 31,	46,047,616	41,631,676



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

Expenses recognised in statements of comprehensive income

	Baht	
	2018	2017
For the year ended December 31		
Current service cost	7,697,289	6,979,277
Interest on obligation	974,801	862,096
Total	8,672,090	7,841,373

Principal actuarial assumptions at the reporting date

	%	
	2018	2017
Discount rate	2.44	2.44
Salary increase rate	6	6
Employee turnover rate	8 - 21	8 - 21
Disability rate	5*	5*

* reference to mortality rate in B.E. 2008

Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2018 are summarized below:

	Baht	
	2018	2017
Discount rate		
1% increase	(3,748,058)	(3,288,274)
1% decrease	4,307,596	3,779,348
Salary increase rate		
1% increase	4,954,592	3,959,563
1% decrease	(4,344,783)	(3,496,017)
Employee turnover rate		
1% increase	(4,196,185)	(3,685,473)
1% decrease	4,316,955	3,780,390

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

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. DIVIDENDS

Year 2018

At The ordinary shareholders’ meeting held on April 23, 2018, the shareholders approve the appropriation of dividend from operating results of 2017 of Baht 0.44 per share, 149.91 million shares, amounting to Baht 65.78 million. The dividend will be proposed to pay to shareholders on May 18, 2018.

Year 2017

At The ordinary shareholders’ meeting held on April 21, 2017, the shareholders approve the appropriation of dividend from operating results of 2016 of Baht 0.63 per share, 149.91 million shares, amounting to Baht 94.18 million. The dividend will be proposed to pay to shareholders on May 19, 2017.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

18. OTHER INCOME

Consisted of :-

	Baht	
	2018	2017
Revenue from sharing of kidney hemodialysis	12,976,562	12,147,790
Rental space income	8,304,393	7,629,694
Interest income	5,573,619	5,538,668
Others	8,134,967	10,860,848
Total	34,989,541	36,177,000

19. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2018 and 2017 are a follow:-

	Baht	
	2018	2017
Personnel	581,436,115	535,246,041
Doctor fee	365,382,123	345,199,280
Medicine, medical supplies and supplies	279,430,353	269,726,029
Depreciation and amortisation	60,451,677	59,604,250
Others	210,552,404	215,775,768
Total	1,497,252,672	1,425,551,368

20. TAX EXPENSE**20.1 Major components of tax expense**

For the year ended December 31, 2018 and 2017 consisted of:

	Baht	
	2018	2017
Income tax expense shown in profit or loss :		
Current tax expense:		
Income tax expense for the year	34,827,100	31,629,210
Deferred tax expense :		
Changes in temporary differences relating to the original recognition and reversal	(1,024,482)	(1,033,219)
Total	33,802,618	30,595,991
Income tax relating to components of other comprehensive income:		
Deferred tax relating to:		
Remeasuring available for sale investments	5,066,661	(2,799,997)
Total	5,066,661	(2,799,997)



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

20.2 A numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate

For the year ended December 31, 2018 and 2017 which are summarized as follows:

	Baht	
	2018	2017
Accounting profit for the year	174,518,304	158,463,202
The applicable tax rate (%)	20	20
Tax expense (income) at the applicable tax rate	34,903,661	31,692,640
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses not allowed as expenses in determining taxable profit	127,059	102,297
Tax effect of income or profit that are not required in determining taxable profit:		
Exemption of non - taxable dividend income	(480,000)	(426,666)
Other	(748,102)	(772,280)
Total reconciliation items	(1,101,043)	(1,096,649)
Total tax expense (income)	33,802,618	30,595,991

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

For the year ended December 31, 2018 and 2017 are summarized as follows:

	Baht			
	2018		2017	
	Tax amount	Tax rate	Tax amount	Tax rate
	(Baht)	(%)	(Baht)	(%)
Accounting profit before tax expense for the year	174,518,304		158,463,202	
Tax expense at the applicable tax rate	34,903,661	20.00	31,692,640	20.00
Reconciliation items	(1,101,043)	(0.63)	(1,096,649)	(0.69)
Tax expense at the average effective tax rate	33,802,618	19.37	30,595,991	19.31

21. 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, 2018 and 2017 in the amount of to Baht 4.02 million and Baht 5.11 million, respectively.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

22. 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.

23. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources and assess its performance to the company’s operating segment.

The one main operating segment of the Company is to provide healthcare as private hospital and hospital under the affiliated of social security and the single geographical area of their operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

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.

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.

	2018	2017
Profit for the year (Baht)	140,715,686	127,867,211
Weighted average number of ordinary share (Shares)	149,909,264	149,909,264
Earnings per share (Baht per share)	0.94	0.85



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NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

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, 2018 and 2017, the Company's debt-to-equity ratio was 0.19 : 1 and 0.21 : 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, 2018

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 of financial instruments

The Company uses the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on unobservable market data.

As of December 31, 2018, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows :-

	Baht			
	Level 1	Level 2	Level 3	Total
Assets				
Current investments				
- Mutual fund fixed income	-	62,296	-	62,296
Long-term investments				
- Equity	164,666,502	-	-	164,666,502
Total	164,666,502	62,296	-	164,728,798

During the current year, there were no transfers within the fair value hierarchy.

Valuation techniques on fair value and inputs for Level 2 valuations

The fair value of investments in non-listed investment units on the Stock Exchange of Thailand, is calculated by using the return as announced by the fund managers.



AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018

27. COMMITMENTS WITH NON-RELATED PARTIES

As at December 31, 2018 and 2017, the Company has commitments as follows :-

		Baht	
		2018	2017
27.1	Letters of guarantee issued by a commercial bank to the government unit and the state enterprise.	23,164,000	23,056,001
27.2	Construction and equipment installation agreements	12,572,150	12,428,930
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	2,423,550	1,078,560
	Payable within 2 to 3 years	3,741,362	297,888
		6,164,912	1,376,448

28. THE NEWLY ISSUED AND REVISED FINANCIAL REPORTING STANDARDS AND EFFECTIVE IN THE FUTURE

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

These newly issued and revised financial reporting standards which are effective for the fiscal year beginning on or after January 1, 2019 are as follows:

TAS 1 (revised 2018)	Presentation of Financial Statements
TAS 2 (revised 2018)	Inventories
TAS 7 (revised 2018)	Statement of Cash Flows
TAS 8 (revised 2018)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2018)	Events After the Reporting Period
TAS 12 (revised 2018)	Income Taxes
TAS 16 (revised 2018)	Property, Plant and Equipment
TAS 17 (revised 2018)	Leases
TAS 19 (revised 2018)	Employee Benefits



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TAS 20 (revised 2018)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2018)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2018)	Borrowing Costs
TAS 24 (revised 2018)	Related Party Disclosures
TAS 26 (revised 2018)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2018)	Separate Financial Statements
TAS 28 (revised 2018)	Investments in Associates and Joint Ventures
TAS 29 (revised 2018)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2018)	Earnings Per Share
TAS 34 (revised 2018)	Interim Financial Reporting
TAS 36 (revised 2018)	Impairment of Assets
TAS 37 (revised 2018)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2018)	Intangible assets
TAS 40 (revised 2018)	Investment Property
TAS 41 (revised 2018)	Agriculture
TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 2 (revised 2018)	Share-Based Payment
TFRS 3 (revised 2018)	Business Combinations
TFRS 4 (revised 2018)	Insurance Contracts
TFRS 5 (revised 2018)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2018)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2018)	Operating Segments
TFRS 10 (revised 2018)	Consolidated Financial Statements
TFRS 11 (revised 2018)	Joint Arrangements
TFRS 12 (revised 2018)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2018)	Fair Value Measurement
TFRS 15	Revenue from Contracts with Customers
TSIC 10 (revised 2018)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2018)	Operating Leases - Incentives
TSIC 25 (revised 2018)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2018)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease



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TSIC 29 (revised 2018)	Service Concession Arrangements: Disclosure
TSIC 32 (revised 2018)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2018)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2018)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2018)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2018)	Applying the Restatement Approach under TAS 29 (revised 2018) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2018)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2018)	Service Concession Arrangements
TFRIC 14 (revised 2018)	TAS 19 (revised 2018)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (revised 2018)	Distributions of Non - cash Assets to Owners
TFRIC 20 (revised 2018)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2018)	Levies

Newly financial reporting standards which are effective for the fiscal year beginning on or after January 1, 2020 are as follows.

TAS 32	Financial Instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The management of the Company believes that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations which are newly issued and revised will not have any significant impact on the financial statements for the year when they are initially applied.

29. TO APPROVED THE FINANCIAL STATEMENTS

These financial statements were authorised for issue by Board of Directors of the Company on February 7, 2019.

Related Transactions

Related transactions

In 2018, 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, 2018

No.	Name	Position	Number of shares held as of December 31, 2017	Number of shares held as of December 31, 2018	Change of shareholding during 2018	% shareholding
1	Mr. Apirag Vanich	Chairman of the Board	16,327,392	16,327,392	-	12.69
	Spouse and minor children		2,692,692	2,692,692	-	-
2	Mr. Vichai Dhephalerm	Vice Chairman of the Board	270,000	270,000	-	0.50
	Spouse and minor children		480,000	480,000	-	-
3	Mrs. Phorthana 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 Chitruamphai	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
8	Ms. Oranuj Vanich	Director	5,801,016	5,801,016	-	3.87
	Spouse and minor children		-	-	-	-
9	Dr. Sanit Charkrit	Director and Medical Director, Aikchol Hospital	-	-	-	-
	Spouse and minor children		-	-	-	-
10	Associate Prof. Dr. Atirek Chirabongs	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
11	Mrs. Thitawat Pothanant	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
12	Mrs. Prapaphan Tanthavirat	Administrative Director, Aikchol Hospital	-	-	-	-
	Spouse and minor children		-	-	-	-
13	Mrs. Somporn Permsuk	Administrative Director, Aikchol 2 Hospital	-	-	-	-
	Spouse and minor children		-	-	-	-
14	Dr. Pichai Siripornpanich	Medical Director, Aikchol 2 Hospital	-	-	-	-
	Spouse and minor children		-	-	-	-