



## กลุ่มโรงพยาบาลจุฬารัตน์ CHULARAT HOSPITAL GROUP

ANNUAL REPORT 2014



### ศูนย์จักษุศัลยกรรมมือ

รักษามือและนิ้วมือที่ผิดปกติ  
ให้กลับมาใช้งานได้อย่างมีประสิทธิภาพ  
โดยทีมแพทย์ผู้เชี่ยวชาญระดับโลก



### ศูนย์หัวใจและหลอดเลือด

พร้อมให้การรักษาสันเลือดหัวใจตีบเฉียบพลัน  
ตลอด 24 ชั่วโมง ด้วยห้องแล็บสวนหัวใจ  
ที่ได้มาตรฐานสากล JCI



### ศูนย์รักษามะเร็งท่อน้ำดี

ฝังแร่รักษามะเร็งต่อมลูกหมาก  
โดยแพทย์ผู้เชี่ยวชาญระดับโลก  
เครื่อง HIFU รักษาเนื้อเยื่อในช่องท้อง  
โดยทีมแพทย์ผู้เชี่ยวชาญครบครัน

Call Center  
**1609**

เรามุ่งมั่นที่จะพัฒนาสู่ความเป็นเลิศด้านการแพทย์เฉพาะทางและให้บริการแบบครบวงจร



โดยได้รับการรับรองมาตรฐานสากล



โรงพยาบาลจุฬารัตน์ 3



โรงพยาบาลจุฬารัตน์ 9



โรงพยาบาลจุฬารัตน์ 11

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โรงพยาบาลสุราษฎร์ธานี 3



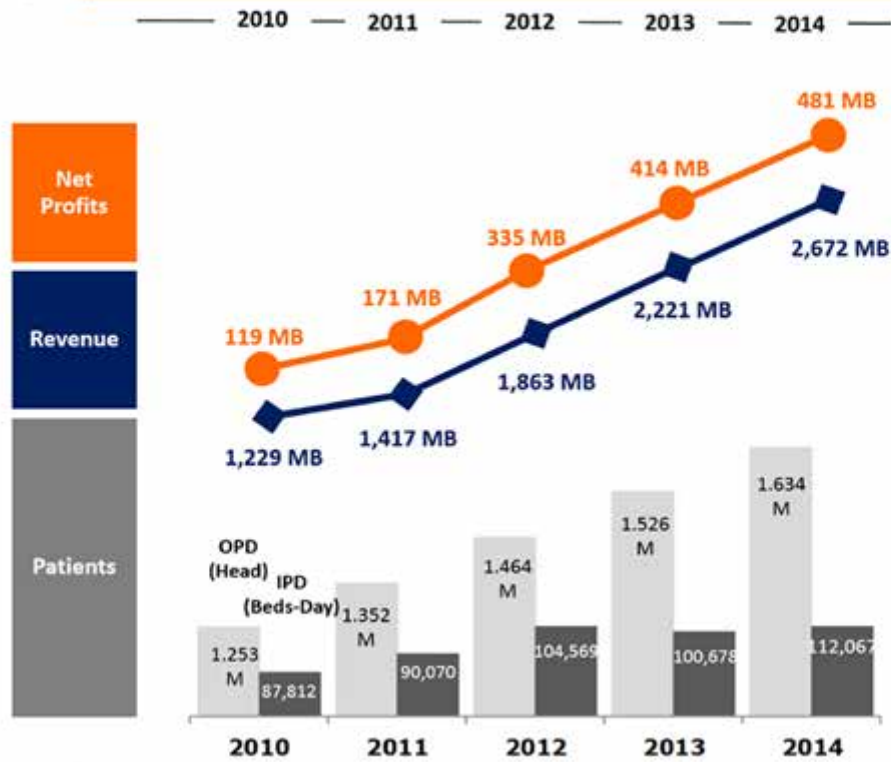
โรงพยาบาลสุราษฎร์ธานี 9



โรงพยาบาลสุราษฎร์ธานี 11



## Financial Performance Vs Patient Growth



Compare to SET index 2013-2014



# Message from Chairman of the Board of Directors

## *Dear shareholders of Chularat Hospital Group*

The Thai economy in 2014 were affected by volatile conditions from domestic and international factors. These conditions have had great impact on Thai economic growth and stability. However, despite such unfavorable conditions, CHG was still capable of achieving its financial and business targets for the year 2014.

CHG's Financial performance for 2014 is the best proof of its fundamental strengths and solid cash flow. The twice interim dividend payments plus annual dividend payment for 2014 financial year is further evidence of CHG's sustainable growth and strong cash flow.

We are proud to report that Chularat 3 Hospital was accredited by Joint Commission International (JCI) and it is the 1st hospital to be accredited under the 5th and newest version in the year 2014. This guarantees that we will always focus on service and treatment qualities aiming at patients' safety.

Another award which has given us great pride is the Forbes Asia Best Under Billion Award. Forbes Asia had used fundamental and financial data as its criterion in selecting Chularat Hospital Group as one of the best 200 companies in Asia Pacific. This is a source of great confidence for CHG to strive for sustainable growth in future.

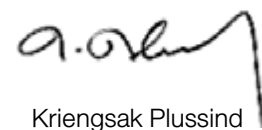
CHG does not focus only on business; we also have put great emphasis on good corporate governance (CG) and corporate social responsibility (CSR).

Working towards these ends, we have incorporated them in our vision to make them sustainable. With the cooperation from the communities in Samutprakarn and neighboring provinces, we help educate them basic sanitary and first aid(s).

Our expansion does not end here. There are still more expansion plans in the pipeline for the new areas to improve our service coverage and improved healthcare.

Finally, on behalf of the Board of Directors, we will undertake to discharge our duty to the utmost of our ability, worthy of your trust and confidence in us.

Yours faithfully,



Kriengsak Plussind  
(Chairman of the Board of Directors)



## Message from Chief executive officer

In year 2014, it was a good year for hospital administration in healthcare business. Chularat Hospital Group had provided healthcare services and treated the complicated diseases for people who lived in the area of Samutprakarn, Chachoengsao, Chonburi and Eastern Bangkok around Suvarnabhumi Airport. Especially the heart attack patients, we had spreaded our service area coverage into many provinces in Eastern and Central regions of Thailand, reflect in the various of patients had been referred to our Heart centre in Chularat 3 Hospital because of trust and confidence in our service. We always focus on standard quality and that bring us to receive international standard hospital accreditation from JCI (version 5) in April 2014. We and our communities in the regions were so proud of this qualification and being the first hospital in the world to qualify with the newest version of JCI. We also focus on being the part of the communities for better healthcare services, quicker, modernised. Admire and confidence from the people in the area is our key of success.


Among the uncertainty from the economics and politics in our country and turbulence from outside, CHG still had growth continuously and also break the highest record of the revenue in 2014, proven that CHG had a strong fundamental and finance.

After the IPO, we had invested in the expansion projects that we already announced. The expansion of Chularat 11 Hospital had already finished and the others expansion projects still on track (the expansion project of Chularat 9 Hospital, the expansion project of Chularat 3 Hospital, the expansion project of Chularat Cholvaej Hospital in Chonburi, Chularat 304 Inter Hospital in Prachinburi)

In year 2014, we had developed excellent centre in cancer and brachytherapy for prostate cancer, which bring a confidence in many patients to treat cancer with our specialists. We are also proud to present that our specialist from Hand Microsurgery Centre had gone abroad to present his research from Chularat 3 hospital, and that brings Chularat 3 Hospital well accept to be a leader in medical training centre of Hand Microsurgery for Thai doctors and foreign doctors.

On the behalf of the Chief Executive officer, I would like to thank you every shareholders, patients, doctors, nurses, medical staffs and employees who have a part in developing the business, I wish you all success and prosperity together.

Sincerely yours,



Dr.Kumpol Plussind  
(Chief executive officer)



## Board of Directors



### Kumpol Plussind MD.

Managing Director,  
Director Chief Executive Officer  
02-7692900  
kumpol@chularat.com



### Kriengsak Plussind

Chairman of the Board of Directors  
02-7692900-99 #350  
www.chularat.com



### Apirum Panyapol

Director  
02-7692900-99 #310  
www.chularat.com



### Kobkul Panyapol

Director  
02-7692900-99 #310  
www.chularat.com

## Board of Directors



**Kannikar Plussind**

Director

02-7692900-99 #310

[www.chularat.com](http://www.chularat.com)



**Suchai Laoveerawat MD.**

Director & Director of Chularat 3 Hospital

02-7692900

[suchaila@hotmail.com](mailto:suchaila@hotmail.com)



**Dr. Wichit Siritattamrong**

Director

02-7692900-99 #310

[www.chularat.com](http://www.chularat.com)



**Yanyong Amornpitakkul**

Director

02-7692900-99 #310

[www.chularat.com](http://www.chularat.com)

## Board of Directors



Associate Professor  
**Dr.Pinit Kullavanijaya**  
Director, Independent Director  
02-7692900  
[www.chularat.com](http://www.chularat.com)



**Manit Jeeradit**  
Director, Chairman of Audit Committee  
and Independent Director  
02-7692900  
[www.chularat.com](http://www.chularat.com)



**Chayawat Pisessith**  
Director, Independent Director & Audit Committee  
02-7692900  
[www.chularat.com](http://www.chularat.com)



**Somyos Yan-ubol**  
Director, Independent Director & Audit Committee  
02-7692900  
[www.chularat.com](http://www.chularat.com)





โรงพยาบาลสุราษฎร์ธานี 3



โรงพยาบาลสุราษฎร์ธานี 9



โรงพยาบาลสุราษฎร์ธานี 11

Name-Last Name/ Position (1)	Age (Year)	Education (2)	Share Holding Ratio (%) (3)	Family Relationship to Management (4)	Work Experience in the past 5 years		
					Period	Position	Company/Organization (5)
1. Mr. Kriengsak Plussind, Chairman Of the Board Of Director	65	<ul style="list-style-type: none"> <li>- Mini MBA in Health, Chulalongkorn University</li> <li>- Director Accreditation Program (DAP) Class 2011 Thai Institute of Directors</li> </ul>	36,858,785 Shares (3.35%)	Brother of Dr.Kumpol Plussind Ms. Kobkul Panyapol, Ms. Kamnikar Plussind	2547- Present	Chairman	Chularat Hospital Public Company Limited
					2547- Present	Director	Convenience Hospital Company Limited
					2547- Present	Director	Bangpakong Veichakij Company Limited
					2546- Present	Director	Thai Andon Company Limited
					2534 – 2547	Chairman	Chularat Hospital Company Limited
					2519 –Present	Managing Director	Ilcon Company Limited
					2511 –2519	Sales Manager	Berli Jucker Public Company Limited
2. Dr. Kumpol Plussind, Director Chief Executive Officer and Managing Director	62	<ul style="list-style-type: none"> <li>- Doctor of Medicine, Chulalongkorn University</li> <li>- Director Accreditation Program (DAP) Class 2011 Thai Institute of Directors</li> </ul>	25,372,020 Shares (2.31%)	Brother of Mr. Kriengsak Plussind, Ms. Kobkul Panyapol, And Ms. Kamnikar Plussind.	2547- Present	Director , Chief Executive Officer and Managing	Chularat Hospital Public Company Limited
					2547- Present	Director	Convenience Hospital Company Limited
					2547- Present	Chairman	Bangpakong Veichakij Company
					2546- Present	Chairman	Thai Andon Company Limited
					2548- Present	Chairman	Chularat Hemodialysis Company Limited
					2534 – 2547	Chairman	Chularat Hospital Company Limited
					2529 –2534	Director	Chularat Hospital
					2528 –2529	Managing Director	Theparak Poli Clinic
					2524 –2528	Director Physician Resident physician	Taksin Hospital

Name-Last Name/ Position (1)	Age (Year)	Education (2)	Share Holding Ratio (%) (3)	Family Relationship to Management (4)	Work Experience in the past 5 years		
					Period	Position	Company/Organization (5)
3. Mr.Apirum Panyapol, Director	63	<ul style="list-style-type: none"> <li>- Assumption Commercial College</li> <li>- Bor. Por.</li> <li>- Bor. Wor.</li> <li>- Director Accreditation Program (DAP) Class 2011 Thai Institute of Directors</li> </ul>	112,883,805 Shares (10.26%)	Spouse of Kobkul Panyapol	2547- Present 2547- Present 2547- Present 2541 – Present 2535 – Present 2531 – Present 2528 – Present	Director Director Director Director Director Director Managing Director	Chularat Hospital Public Company Limited Convenience Hospital Company Limited Bangpakong Vejchakij Company Steel Link International Company Limited Panyapol Interholding Company Limited Samonkit Company Limited Seameth Company Limited
4. Dr. Wichit Sittattamrong , Director	56	<ul style="list-style-type: none"> <li>- Doctor of Medicine, Mahidol University</li> <li>- Doctor of Orthopedic surgery</li> <li>- Director Accreditation Program (DAP) Class 2011 Thai Institute of Directors</li> <li>- Director Certification Program(DCP)</li> </ul>	603,880 Shares (0.05%)	NA	2547 – Present 2547- Present 2547- Present	Director Director Director	Chularat Hospital Public Company Limited Convenience Hospital Company Limited Bangpakong Vejchakij Company
5. Dr.Suchai Laoveerawat, Director, Director Of Chularat 3 Hospital	60	<ul style="list-style-type: none"> <li>- Doctor of Medicine Chulalongkorn University</li> <li>- Urological Surgery training, Chulalongkorn University</li> <li>- Mini MBA in Health, Faculty of Medicine, Chulalongkorn University</li> <li>- Hospital Management, Faculty of Medicine, Ramathibodi Hospital, Mahidol University.</li> <li>- Director Accreditation Program (DAP) Class 2011 Thai Institute of Directors</li> </ul>	3,221,190 Shares (0.29%)	NA	Present 2547- Present 2547- Present 2547- Present 2530 – 2555 2528 - 2530	Director , Director Of Chularat 3 Hospital Director Director Director Physician Physician	Chularat Hospital Public Company Limited Chularat Hospital Public Company Limited Convenience Hospital Company Limited Bangpakong Vejchakij Company Samutprakarn Hospital Sawan Pracharak Hospital, Nakornsawan

Name-Last Name/ Position (1)	Age (Year)	Education (2)	Share Holding Ratio (%) (3)	Family Relationship to Management (4)	Work Experience in the past 5 years		
					Period	Position	Company/Organization (5)
6. Ms. Kamikar Plussind Director	60	- Vocational certificate, Convent of Holy Infant Jesus - Director Accreditation Program (DAP) Class 2011 Thai Institute of Directors	199,475,040 Shares (18.13%)	Sister of Dr. Kumpol Plussind, Kriengsak Plussind and Kobkul Panyapol	2547- Present 2547- Present	Director Director	Chularat Hospital Public Company Limited Esco-Thai Company Limited
7. Mrs. Kobkul Panyapol, Director	64	- Vocational certificate, Convent of Holy Infant Jesus - Director Accreditation Program (DAP) Class 2011 Thai Institute of Directors	5,543,325 Shares (0.50%)	Spouse of Mr. Apirum Panyapol and sister of Mr. Kriengsak Plussind And Dr. Kumpol Plussind, Ms. Kamikar Plussind	2547 –Present 2535 –Present 2531 –Present 2541 –Present	Director Director Director Director	Chularat Hospital Public Company Limited Panyapol Interholding Company Limited Samonkit Company Limited Steel Link International Company Limited
8. Mr. Yanyong Amornpitakul Director	59	- Bachelor of Science (Accounting), Kasetsart University - Director Accreditation Program (DAP) Class 87/2011 Thai Institute of Directors	5,543,325 Shares (0.50%)	NA	Present 2547 – 2548 2536 – 2557 2531 – 2547 2531 – 2536 2529 – 2531 2527 – 2529 2524 – 2525 2521 – 2524	Director Chairman of Audit Committee Director Manger Accountant Accountant Accountant Internal Audit Staff Internal Audit Staff	Chularat Hospital Public Company Limited Chularat Hospital Public Company Limited SML Consult and Account Service Company Limited Samonkit Company Limited Thai Royal Frozen Food Company Limited Modula Company Limited Sakon Enterprise Company Limited CP Company Limited Thai Namthip Company Limited

Name-Last Name/ Position (1)	Age (Year)	Education (2)	Share Holding Ratio (%) (3)	Family Relationship to Management (4)	Work Experience in the past 5 years		
					Period	Position	Company/Organization (5)
9. Mr. Manit Jeeradi, Director Independent Director and Chairman of Audit Committee	66	<ul style="list-style-type: none"> <li>- B.A (Economics and Accounting) Claremont Men's College (Present Claremont McKenna College)</li> <li>- Audit Committee Program (ACP) Class 36/2011 Thai Institute of Directors</li> <li>- Director Accreditation Program (DAP) Class 87/2011 Thai Institute of Directors</li> <li>- Director Certification Program (DCP) 187/2014 Thai Institute of Directors.</li> </ul>	70,000 Shares (0%)	NA	2012-Present	Director Independent Director and Chairman of the Audit Committee	Chularat Hospital Public Company Limited
					2543 – present	Independent Director and Audit Committee Chairman	Moong Pattana International Public Company Limited
					2547 – 2552		TB Asset Management Co., Ltd
					2542 – 2551	Deputy Managing Director	CIMB Thai Bank Public Company Limited
10. Mr. Somyos Yan-ubol, Director Independent Director and Audit Committee	59	<ul style="list-style-type: none"> <li>- MBA, Kasetsart University</li> <li>- Bachelor of Science (Accounting) Kasetsart University</li> <li>- Director Accreditation Program (DAP) Class 97/2012 Thai Institute of Directors</li> <li>- Audit Committee Program (ACP) Class 45/2013 Thai Institute of Directors</li> </ul>	NA	NA	Present	Director, Independent Director and Audit Committee	Chularat Hospital Public Company Limited
					2539-2557	Director	Phupa Chunthong Company Limited
					2548 – 2554	Financial Controller	Golden Food Siam Company Limited
					2541 – 2547	Regional Bill Controller	Beyer Company Limited
					2539- 2541	Accounting and Administration Manager	Herks Thai Company Limited and subsidiaries



Name-Last Name/ Position (1)	Age (Year)	Education (2)	Share Holding Ratio (%) (3)	Family Relationship to Management (4)	Work Experience in the past 5 years		
					Period	Position	Company/Organization (5)
11. Mr. Chayawat Pisessith, Director Independent Director and Audit Committee	63	<ul style="list-style-type: none"> <li>- Bachelor of Science (Medical Science), Chulalongkorn University</li> <li>- Audit Committee Program (ACP) Class 41/2012 Thai Institute of Directors</li> <li>- Director Accreditation Program (DAP) Class 97/2012 Thai Institute of Directors</li> </ul>	NA	NA	Present	Director, Independent Director Audit Committee	Chularat Hospital Public Company Limited
					2544 – 2555 2532 –Present	Director Managing Director	Icedea (North) Company Limited Kingmain CMTI Company Limited
12. Associate Professor Dr.Pinit Kullavanijaya, Director and Independent Director	72	<ul style="list-style-type: none"> <li>- M.B.Ch.B. (Leeds)</li> <li>- D.T.M.&amp;H. (Liverpool)</li> <li>- MRCP. (UK)</li> <li>- FIMS.</li> <li>- FAMM.</li> <li>- FAGG.</li> <li>- FACP. (Hon.)</li> <li>- FRACP (Hon.)</li> <li>- FRCPI</li> <li>- FAMS</li> <li>- FRCP (Glasgow, Edinburgh, London, Thailand)</li> <li>- Institute of Security Psychology, Practice of psychology courses (General Staff Division #40)</li> </ul>	NA	NA	Present Present Present	Director and Independent Director Deputy Secretary-General, Thai Red Cross Society Honorary Advisor to the Second Vice-President of the Senate/Commission on Social Development and Activities of Children, Youth, Women, the Elderly, the Disabled and the Disadvantaged, House of the Senate/ Subcommittee on population and development. Foreign consultants Royal College of Physicians of London Nomination Committee, Academic Section/ Honorary Advisor of the Senate Standing Committee on Public Health/ Commissioner of The Senate Standing Committee on Sport/ Commissioner of The Senate Standing Committee on Public Health/ Advisor of General Education Advisory Committee to monitor the restoration of infrastructure	Chularat Hospital Public Company Limited Thai Red Cross Society Senate House  Royal College of Physicians and Surgeons of Glasgow Senate  Extraordinary Commission for tracking and evaluation of the problems and development of the South  The Medical Council of Thailand Royal College of Physicians of Thailand The Gastroenterological Association of Thailand Asia Pacific Working Group, American Gastroenterology
					Present In the past		

Name-Last Name/ Position (1)	Age (Year)	Education (2)	Share Holding Ratio (%) (3)	Family Relationship to Management (4)	Work Experience in the past 5 years		
					Period	Position	Company/Organization (5)
		<ul style="list-style-type: none"> <li>- Por Ror Or.4</li> <li>- Por Por Ror.14</li> <li>- NDCAT-ASMP 3</li> </ul>			In the past 2546-2550	Commissioner	Association (AGA) Social Security Office, Ministry of Labour
					2541-2543	Secretary	
					2545-2547	Chairman	
					2538-2540	Chairman	
					In the past	Director, Advisor	
					In the past	Director	The National Health Security Office Doctor for People Program (later changed to Doctor for People Foundation)
						Physician Committee/	
						Chairman of Medical	
						Complaint Subcommittee	
					In the past	Chairman of Committee to consider Initial requests for funding of the client or the heirs in Bangkok (Section 41)	
					In the past	Chairman	Thai Red Cross Society
					2546-2551	Director of Thai Red Cross Youth Bureau	Faculty of Medicine, Chulalongkorn University Chularat Hospital Public Company Limited
					2541-2545 and 2548-2550	Head of Department of Medicine	



โรงพยาบาลจุฬารัตน์ 3



โรงพยาบาลจุฬารัตน์ 9



โรงพยาบาลจุฬารัตน์ 11

Name-Last Name/ Position (1)	Age (Year)	Education (2)	Share Holding Ratio (%) (3)	Family Relationship to Management (4)	Work Experience in the past 5 years		
					Period	Position	Company/Organization (5)
13. Dr. Yudthana Sanguansakdikosol Deputy Managing Director And Director Of Chularat 9 Hospital	62	<ul style="list-style-type: none"> <li>- Doctor of Medicine, Chulalongkorn University</li> <li>- Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>- Internal medicine residency training, Chulalongkorn Hospital</li> <li>- Diploma in Rheumatology</li> </ul>	NA	NA	Present	Deputy Managing Director And Director Of Chularat 9 Hospital	Chularat Hospital Public Company Limited
					2547 –Present 2547 – 2548	Managing Director	Convenience Hospital Company Limited Chularat Hospital Public Company Limited
					2542 – 2547 2537 – 2542 2533 – 2534 2526 – 2533	Managing Director and Medical Director Deputy Managing Director Physician Director Physician	Chularat Hospital Company Limited Saha Medical Rachada Piyavate Hospital Rajavithi Hospital
					Present	Deputy Managing Director And Director Of Chularat 11 Hospital	Chularat Hospital Public Company Limited
					2549 - Present 2549 –Present 2547 – 2549	Director Director Audit Committee And Independent	Pangpakong Vejchakji Company Pinsarakam Company Limited Chularat Hospital Public Company Limited
					2555 –Present 2550 – 2554 2539 – 2550 2537 - 2539	Deputy Managing Director And Chief Finance Officer Finance and Accounting and International Technology Manager Accountant Accountant Assistant	Chularat Hospital Public Company Limited Chularat Hospital Public Company Limited Chularat Hospital Company Limited Convenience Hospital Company Limited
14. Dr. Chutima Pincharean, Deputy Managing Director And Director Of Chularat 11 Hospital	62	<ul style="list-style-type: none"> <li>- Doctor of Medicine, Chulalongkorn University</li> <li>- Diploma of Thai Board of Anesthesiology, Chulalongkorn University</li> </ul>	NA	NA	Present	Deputy Managing Director And Director Of Chularat 11 Hospital	Chularat Hospital Public Company Limited
15. Wande Pitsanuvanavech, Deputy Management Director	44	<ul style="list-style-type: none"> <li>- National Institute of Development Administration Master of Business (M.B.A)</li> <li>- Bachelor of Business (Accounting) , Ramkhamhaeng University</li> </ul>	85,515 Shares (0.01%)	NA	2555 –Present 2550 – 2554 2539 – 2550 2537 - 2539	Deputy Managing Director And Chief Finance Officer Finance and Accounting and International Technology Manager Accountant Accountant Assistant	Chularat Hospital Public Company Limited Chularat Hospital Public Company Limited Chularat Hospital Company Limited Convenience Hospital Company Limited

Name-Last Name/ Position (1)	Age (Year)	Education (2)	Share Holding Ratio (%) (3)	Family Relationship to Management (4)	Work Experience in the past 5 years		
					Period	Position	Company/Organization (5)
16. Prakong Wichakanodom Accounting Manager	56	<ul style="list-style-type: none"> <li>- Director Accreditation Program (DAP); IOD</li> <li>- Board Reporting Program (BRP); IOD</li> <li>- Company Reporting Program (CRP); IOD</li> </ul>	NA	NA	Present 2546 - 2554	Accounting Manager Accounting Manager	Chularat Hospital Public Company Limited Petchburi Medical Company Limited



# Financial Highlights

	Ended 31 December		
	2012	2013	2014
<b>Balance Sheets (Million Baht)</b>			
Total Assets	1,549.84	2,994.48	3,265.67
Total Liabilities	423.27	355.84	461.34
Total Shareholders' Equity	1,126.57	2,638.64	2,804.33
<b>Income Statements (Million Baht)</b>			
Revenue from Hospital Operations	1,863.15	2,221.49	2,671.69
Total Operating Income	1,874.40	2,254.65	2,714.78
Cost of Hospital Operations and goods sold	1,197.83	1,446.44	1,756.02
Administrative Expenses	237.14	287.25	359.32
Net Profit	335.94	414.38	480.69
<b>Liquidity Ratio</b>			
Current Ratio	1.58	5.19	3.51
Quick Ratio	0.90	1.89	1.90
Operating Cash Flow Ratio	1.20	0.83	1.14
Account Receivable Turnover	13.74	14.58	17.56
Average Collection Period	26.20	24.69	20.50
Inventory Turnover	19.19	20.62	21.74
Average Inventory Period	18.76	17.46	16.56
Account Payable Turnover	15.48	14.21	14.07
Average Payable Period	23.26	25.33	25.58
Cash Cycle	21.70	16.81	11.48
<b>Profitability Ratio</b>			
Gross Profit Margin	35.71	34.89	34.27
EBIT to Net Sale	22.98	21.96	20.82
Other Income Margin	0.59	1.47	1.59
Operating Cash Flow to EBIT	95.93	63.33	79.14
Net Profit Margin	17.92	18.31	17.71
Return on Equity	32.27	22.01	17.68
<b>Efficiency Ratio</b>			
Return on Assets	23.98	18.24	15.36
Return on Fixed Assets	57.83	57.07	46.73
Asset Turnover	1.34	0.99	0.87
<b>Financial Policy Ratio</b>			
Total Liabilities to Equity	0.38	0.13	0.16
Interest-bearing Debt to Equity Shareholders	0.07	-	0.01
Interest Coverage	333.62	217.89	512.37
Commitment Coverage on Cash Basis	1.32	0.40	0.49
Dividend Payout Ratio	116.44	61.59	66.36

# General Information

## Corporate Profit

Company Name	:	Chularat Hospital Public Company Limited
Registration Number	:	0107547000656
Type of Business	:	Private Hospital
Authorized Share Capital	:	1,100 Million Baht fully paid up 1,100 Million Baht
Issued and Paid-up Capital	:	1,100,000,000 common shares of 1 Baht per share
Registration Date in	:	16 May 2013
Accounting Period	:	1 January – 31 December
Website	:	<a href="http://www.chularat.com">www.chularat.com</a>
E-mail address	:	<a href="mailto:chularat3@chularat.com">chularat3@chularat.com</a>
Head Office	:	Chularat 3 Hospital 88/8 -9 Moo 11 Theparak Rd. K.m 14.5 Bangpla, Bangplee, Samutprakarn 10540
Telephone	:	02-769-2900-99
Fax	:	02-312-1596

## References

1. Auditor : EY office Limited  
33rd Floor, Lake Rajada Office Complex  
193/136-137 New Rajadapisek Road, Klongtoey, Bangkok 10110 Thailand  
Phone: +66 0 2264 0777 Fax: +66 0 2264 0789 90
2. Counselor : Bangkok Jurist LTD.  
PASO Tower, 19th Floor 88, Silom Road, Suriyawong, Bangkok 10500  
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# Policy and Business Overview

## Business Overview

Chularat Hospital Public Company Limited (the “Company”) was founded in 1986 to operate private hospital until now with registered capital 1,100 million Baht, consist of 5 subsidiaries operate large hospitals, small hospitals and clinics totally 12 branches. Chularat Hospital Group coverage service area around Suvarnabhumi Airport (Eastern Bangkok area) along Bangna-Trad Road extend to Chachoengsao province, along 304 highway to Prachinburi province, downtown in Chonburi province with total registered 414 beds. Expansion projects such as expansion project of Chularat 11 Hospital, expansion project of Chularat 3 Hospital, expansion project of Chularat 9 Hospital, expansion project of Chularat Cholvaej Hospital, New hospital in Prachinburi province, all of these expansion projects will increase the total capacity to 705 beds at the end of the year 2017. Nowadays the hospital group can support OPD (outpatient) more than 4,500 cases per day which will support our position to be the best private hospital in the eastern region along with the industrial growth in this area.

The Company focuses on the quality of services provided by medical professionals in all medical fields with modern equipment to create efficiency, safety and satisfaction of our customers. The Company has medical units which are excellent and has been certified by various institutions such as Hand Microsurgery Center, Newborn ICU Center, Stroke Center, Heart Center, Cancer Center. CHG always focuses on quality of treatment and specialist team, which bring the hospital to receive international accreditation from JCI (for Chularat 3 Hospital), national accreditation from HA (for Chularat 3 and Chularat 9 and Chularat 11 Hospital).

The Company provides services to 2 main types of customers, general patients and social security patients and patients under the National Health Security Office (NHSO) who have hemodialysis and heart decease in Samutprakarn and nearby provinces in the East, etc. The hospitals and clinics in our groups have 12 branches spreading in areas where customers can access easily.



In 2014, the Company had 414 beds for patients and there are rooms for different types of patients, such as special VIP rooms, Deluxe rooms, Single Deluxe room, Double Deluxe rooms, special 4-bed room, special 8-bed room, intensive care unit (ICU), Critical Care Unit (CCU), Neonatal intensive care unit (NICU) and a baby unit, etc. The company has outstanding services as follows:

- Hand surgery and orthopedic clinic (Available at CH3): provides Micro Surgery by the team of doctors who have experience and expertise and have been trusted and reputable medical profession nationally and internationally. It is also a Referral Center for Microsurgery in Bangkok and in Eastern region. It is also a center of education specialists from medical school in the country and aboard.



- Neonatal intensive-care unit (NICU) (Available at CH3)\*: provide treatment to premature infants with unusual weight by a team of doctors and nurses with expertise and experience in the care of premature infants with unusual weight, so it can grow and live normally. The Unit received the trust to be referral center of the NHSO, District 6, Rayong.





- Stroke Center (Available at CH3 and CH9)\*: provides diagnosis of stroke. The center has been certified by the Institute of Neurology. Chularat 3 Hospital has been certified of the establishment stroke care unit under Commemorative Stroke Center.



- Skin center and Cosmetics surgery (Available at CH1 and CH3) provides diagnosis of skin diseases and counseling aesthetic plastic surgery surgical slimming with VASER and laser treatment of skin types including injection treatment with Botox and fillers are quality certified by FDA including high quality skin care products for skin types.



- Integrated heart center (Available at CH3)\*: The company has high potential to treat patients with coronary artery disease and heart disease. In 2010, Chularat 3 Hospital began Open Heart Surgery and in Quarter 1 of 2013 it opened a comprehensive heart center. The scope of services includes EKG Ultrasound, Percutaneous Transluminal Coronary Angiography (PTCA) including cardiac surgery with high complexity. The Unit received trust referral center of the NHSO and Social Security Office.



- Cancer Center with HIFU (High Intensity Ultrasound) (Available at CH9)\*: provides services for abdominal cancer types that cannot be removed by surgery, such as Cholangiocarcinoma, Pancreatic cancer, and uterine fibroid, etc. The services started from late 2013.





- Prostate Cancer Center using brachytherapy (Available at CH3)\*: provides treatment of prostate cancer using iodine 125 brachytherapy without surgery, which is an alternative way of treating prostate cancer. Provide better treatment and complications like surgery. By tinnitus treatments, renowned and highly experienced from the United States. The services started in 2014.



\* **Note** CH3 means Chularat 3 Hospital.  
 CH 9 means Chularat 9 Hospital.  
 CH 11 means Chularat 11 Hospital.

## Other Business

### (1) Import and distribution of medical devices

The subsidiary of the Company is Thai Amdon Company Limited (“Thai Amdon”), imports and supplies surgical and medical equipment such as electric surgery beds, heart rate counter and oxygen saturation equipment, etc. in the present most products and medical devices imported by Thai Amdon are distributed to hospitals and clinics in the Group, however, the procurement of such medical instruments such is strictly follow normal market conditions.

### (2) Spa and beauty services

The Company provides complete spa services under the name “Chularat Health Spa” provides of services which are spa services, Thai massage and foot massage by staff with expertise. In addition, the Company also provides beauty under the name “Laser and Cosmetic Center Chularat – Renoir”.



### (3) Nursing assistants training

The company also operates a nursing assistant training under “Chularat Inter Health” to produce supporting personnel for the Hospital’s expansion.

## The Performance of hospitals and clinical services as of 31 December 2014

Company	Registered Capital (Million Baht)	Shareholding ratio (Percentage)	Type of business	Number of beds
Chularat Hospital Public Company Limited	1,100	-	Provide Medical Services under these hospital and clinics:  - Chularat Clinic Suvarnbhumi (Chularat 1) - Chularat 2 Medical Clinic - Chularat 3 Hospital - Chularat 4 Medical Clinic - Chularat 5 Medical Clinic <b>Total</b>	  26 - 134 - 26 <b>186</b>
Convenience Hospital Company Limited	500	100	Provide Medical Services under these hospital and clinics:  - Chularat 7 Medical Clinic - Chularat 8 Medical Clinic - Chularat 9 Hospital <b>Total</b>	  - - 100 <b>100</b>
Bangpakong Wejchakit Company Limited, *	500	100	Provide Medical Services under these hospital and clinics:  - Chularat 11 Medical Clinic - Chularat 12 Medical Clinic <b>Total</b>	  100 - <b>100</b>
Chularat Arkanay Hospital Company Limited **	300	100	Provide Medical Services. Under building construction.  - Chularat Arkanay Medical Clinic <b>Total</b>	  - - -
Cholvaej Hospital Company Limited ***	100	96.38	Provide Medical Services under these hospital and clinics: - Cholvaej Hospital <b>Total</b>	 28 <b>28</b>
<b>Total company and subsidiaries</b>				<b>414</b>

Note: \*The registered capital increased from 300 million baht to 500 million baht on May 23, 2014. \*\* The company registered on September 13, 2013 and opened Chularat Arkanay Clinic on April 1, 2014 during building construction.\*\*\*Acquired Cholvaej Hospital Company on February 3, 2014 ,with registered capital of 16.5 million baht and has increased registered capital from 16.5 million baht to 100 million baht on September 30, 2014.

## Details of other business

Company	Registered Capital (Million Baht)	Shareholding ratio (Percentage)	Type of business
Chularat Hospital Public Company Limited	1,100	-	<ul style="list-style-type: none"> <li>- complete spa services under the name of "Chularat Health Spa"</li> <li>- beauty and cosmetic surgery</li> <li>- nursing assistant training under the name of "Chularat Int'l Health"</li> </ul>
Thai Amdon Company Limited	30	100	imports and supplies surgical and medical equipment
Chularat Hemodialysis Company Limited **	7	50	kidney dialysis machine services

**Note:** \* Liquidated and closed the business according to the law on 26 September 2013.

## Future Operational Projects

Details	Approved investment budget	2014				2015F				2016F				2017F			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. Chularat 11 Hospital Expansion Project 6 storey building, utility area approx. 7,000 m2 Project Location: New Building connected to the old building 17 diagnosis rooms 48 beds Note: The construction project is completed in 2014	300 Million Baht																
2. Chularat 3 Hospital Expansion Project 6 storey building, utility area approx. 6,000 m2 Project Location: New building behind the old building, connected with the one building 12 diagnosis rooms 55 beds Note: The project will be completed in Q4/2015	300 Million Baht																
3. New building on Kingkeaw Road in former Chularat 9 Hospital area Project Note: Board resolution No.4/2014 on August 11,2014 to approve the project plan.  3.1 Purchase Building 6 building which is adjacent to the existing building and renovating the building to the service area. 4 storey building, utility area approx. 2,068 m2 12 diagnosis rooms 39 beds Note: The project will be completed in Q2/2015	236.80 Million Baht																



Details	Approved investment budget	2014				2015F				2016F				2017F			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
3.2 Land of the 6 storey building formerly used by the 1st floor of a medical service areas of the building parking floors 2-6 area approx. 7,000 m2 4 diagnosis rooms Note: The project will be completed in Q3/2015. agnosis rooms	113.20 Million Baht																
4. New Hospital on 304, Srimahapo, Prajeenburi Project 6 storey building, utility area approx. 15,000 m2 Project Location : New hospital building - diagnosis rooms More than 100 beds Note: The project will be completed in 2016.	575 Million Baht																
5. Chularat Cholvaej Hospital Expansion Project 7 storey building, utility area approx. 5,600 m2 Project Location: New building behind the old building. 6 diagnosis rooms 49 beds Note: The project will be completed in 2016.	236.80 Million Baht																

## 1.1 goals, vision, mission, values and objectives of the business

The company has set a goal of becoming a prominent private hospital under the concept of “The Star of the East”, which is featured in the Good Governance. The growth in the industry the development of medical innovations and to develop the knowledge and skills of personnel committed to the organization of learning in the East and Samutprakarn province and to recognized by the customers in terms of quality of service to satisfy the clients (Patient Focus) at a fair price. By focusing on the significant safety of service users (Patient Safety). It is the goal of a private hospital to grow in parallel with the expansion of business and industry in the East and Samutprakarn province, focusing on expanding of service network and expanding the quality of services provided through the specialized centers. The Board of Directors and management determined the vision, mission, values and objectives as follows:

### Vision

Chularat Hospital Group is a leading tertiary care medical services (Tertiary care), emphasizing Excellent Center,.Specialist Clinic and a focus on hospital quality standards of international JCI (Joint Commission International) accreditation standards of the United States, including hospital quality standards Thailand (Thai Hospital Accreditation – HA And whose work is known in the country and a Chain Hospital with sustainable growth and network management efficiency.

Adherence to the ethics of the profession. The love and faith of the clients rigidly forever.

## Mission

1. Providing standard treatment to satisfy customers
2. Creating awareness of employees to protect environment and aim to be green Hospital.
3. Promoting quality of life in community
4. Creating happiness among employees

## 8 Core Values of Chularat Hospital

**P = Patient Safety:** Officers and employees of all levels in the organization focusing on the safety of care, patient safety is the priority.

**R = Respect:** understand, respond well to the patient's needs, comments, feedbacks, the rights of patients and employees.

**A = Accountability:** Corporate governance and Integrity are the keys of every sector

**C = Community & Environmental Responsibility:** Responsibility for the community and organizational healthcare and take care of environment to make the work the better place

**T = Team Work:** Work to achieve the same goal.

**I = Innovation & Improvement:** develop and update new ideas continuously

**C = Communication:** Effective Communication

**E = Empowerment:** support learning with various methods in order to make correct decision and reduce mistakes.

## Objective

Focus on health services in primary, secondary and tertiary with quality standards to meet the needs of the community with efficiency and effectiveness by using network administration and development continuously to be the leader in providing health network that is the Biggest Star in the East of Thailand.

## 1.2 Changes and Developments

### 2012

- Bangpakong Vejjakit Company Limited began the construction for Chularat Hospital 11 building extension on the land bought in 2009. The new building will have modern operation rooms and enhance many special medical units, expecting to be finished by 2014.
- Bangpakong Vejjakit Company Limited opened Chularat 12 Medical Clinic to provide services for patients from Gate Way Industrial Estate.
- The Company ordered X-rays machine with 64-Slice Computed Tomography Scan (64-Slice CT Scan) to enhance the diagnosis of cardiovascular disease and other symptoms in the body.
- The Company paid interim dividends totaling 391 million baht which is by cash 149 million baht and stock dividend of 242 million baht. In addition, the Company issued new common shares to accommodate the proposed sale to the public of 220 million shares resulting in the total registered capital of the Company to be 1,100 million shares.

- Preferred Shares Holders entitled to convert their shares into common shares at the rate of 1 share per 1 common share, resulting in the Company to have 1,100 million shares which the paid up registered common was 880 million shares.
- The company received a license to establish the Chularat Inter Health School to operate nursing assistant training for restructuring the business of the Group. As a result, the Chularat Inter Health School is part of the company.
- Chularat Hemodialysis Company Limited as an associate of the Company has ceased operations because The Company and medical experts open hemodialysis services under their own operations, then liquidated and closed by legal procedures completed on 13 March 2013.
- The Company bought ordinary shares of Thai Amdon Company Limited of 19,998 shares, representing 99.99 percent of the shares from the Plussind family to restructure the business, making Thai Amdon Company Limited to be a subsidiary of the Company. (For more details, see Transactions)
- Chularat 3 Hospital has HA Certificate Step 3 while Chularat 9 Hospital and Chularat 11 Hospital have HA Certificate Step 2 and are applying for HA Certificate Step 3.

## 2013

- On February 2013, the company launched a Integrated heart center. The scope of services includes ECG Ultrasound, Percutaneous tranluminal coronary angioplasty (PTCA), including cardiac surgery with high complexity.
- February 2013, Chularat 9 Hospital bought a piece of land approx. 1rai 2 ngan, worth 43 million baht near the Hospital's current location to support the hospital expansion plans in the future.

May 2013, The company proposed initial public offering of 220,000,000 shares at par value of 1.00 baht per share, representing 20 percent of the total paid up capital. After the sale of the shares to the public, the Company has a total of 1,100 million ordinary shares divided by the amount of 1,100 million paid up registered common shares.

July 2013, Chularat 11 Hospital has HA Certificate Step 3.

On September 9, 2013 Thai Amdon Company Limited increased their paid up capital from 2 million baht to 30 million baht to support its growth.

On September 10, 2013 Convenience Hospital Company Limited increased their paid up capital from 105.5 million baht to 500 million baht to support the expansion of hospital buildings.

On September 11, 2013 Bangpakong Vejchakit Company Limited increased their paid up capital from 85 million baht to 300 million baht to support the expansion of hospital buildings.

September 13, 2013, Kabinburi Medical Company Limited (New name: Chularat Arkanay Hospital Company Limited) is found with registered capital of 300 million baht, with paid up capital of 75 million baht (The Company holds 100 % shares) to build a new hospital under a trade name "Chularat Arkanay Hospital " with the plan to be a hospital with more than 100 beds to accommodate the growth potential of the business in Prachinburi province in the future. After the registration of Chularat Arkanay Hospital Company Limited, the Company purchased two plots, plot one of land approx. 8 rai 2 ngan 20 square wa, worth 19.81 million baht, located on Kabinburi District and plot two of land approx. 21 rai 1 ngan 47 square wa. Worth 53.42 million baht, located on Road 304, Srimahapo, Prachinburi to be a land for Chularat Arkanay Hospital buildings (The Board of Directors has approved to have local medical groups and businessmen invest in Chularat Arkanay Hospital Company Limited, the company will reduce its stake 30 percent of the share capital, and expected to be completed by Q1/2557. After completed, The Company will hold 70 percent of the share capital of Chularat Arkanay Hospital). Currently negotiating the terms of the joint venture.

November 11, 2013, the Company approved the Bangpakong Vejchakit Company Limited (a subsidiary holds 100 % shares) acquired Cholavaej Hospital Company Limited which is a private hospital that operated for 34 years with 28 beds, located at Soi WatTonson, Acniwat Road, Bangplasoi, Muang, Chonburi, with registered capital of 16.5 million baht, divided into common shares of 165,000 shares at 100 baht per share. The Company approved the acquisition at least 80 percent of the share, at 360 baht per share. The resolution results on 3 February 2014, Bangpakong Vejchakit Company Limited received the transfer from Cholavaej Hospital Company Limited of the total 159,628 shares representing 96.74 percent of the share capital of the Company. Cholavaej Hospital Company Limited spent a total investment of 57.46 million baht, and later on 3 February 2014 Cholavaej Hospital Company Limited is a subsidiary of Bangpakong Vejchakit Company Limited. December 2013, Chularat 9 Hospital opened the Cancer Center and invested in the installation of High Intensity Focused Ultrasound to enhance the treatment of stomach cancer for patients not ready for surgery. On 15 January 2014, the Company approved the Bangpakong Vejchakit Company Limited (a subsidiary holds 100 % shares) to acquire the shares from Southeast Medical Services Company Limited in the ratio of 100 percent with a value of 42 million baht. Southeast Medical Services Company registered to conduct business providing medical services on 9 September 2013. The Business has not started yet. Their paid up registered capital is 13.2 million baht, divided by common shares of 132,000 shares at 100 baht/share. Southeast Medical Services Company Limited has assets as a piece of land about 15 rai 2 ngan 93 square wa located on Road 304, Srimahapo, Prachinburi. The Book value of the Company is 40 million baht according to internal financial statements as of 31 December 2013 (The land assessment is appraised by an agency which has been approved by SEC. The land's value is 59.78 million baht as of 18 December 2013). Currently negotiating to purchase the company.

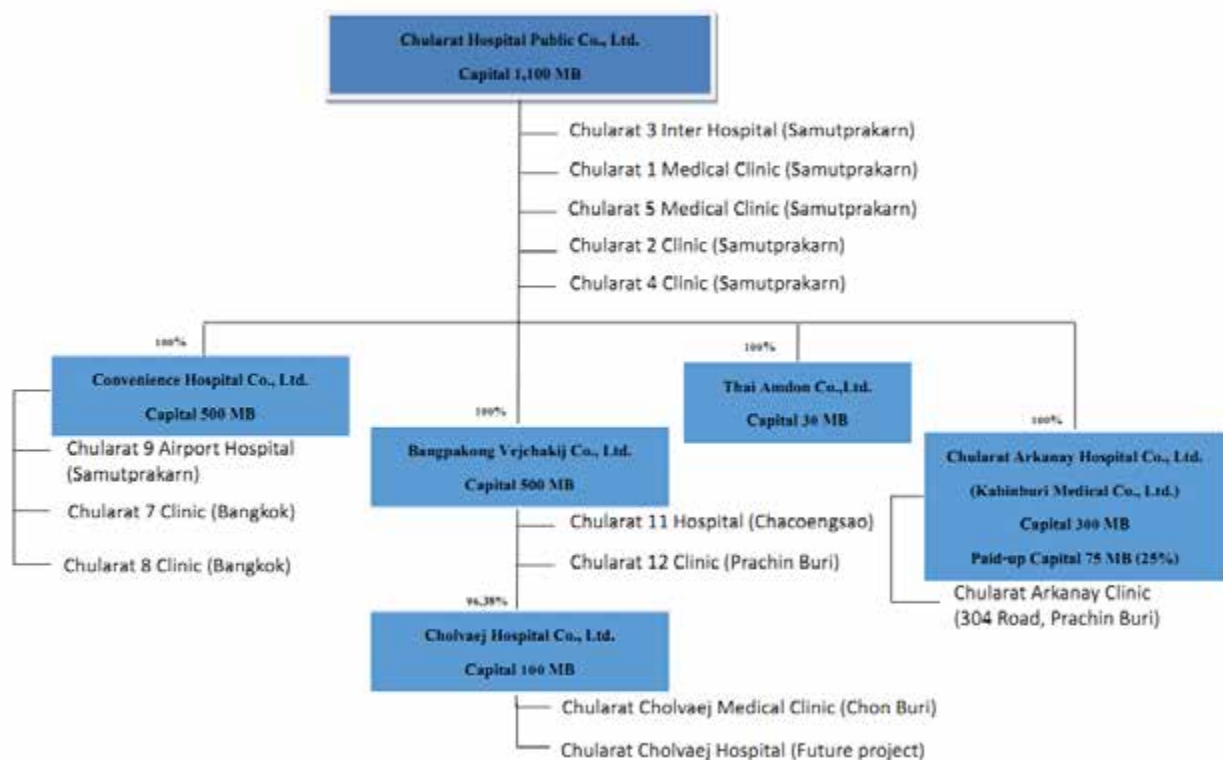
- January 2014 Chularat 3 Hospital open clinical prostate cancer by brachytherapy.
- February 2014 Bangpakong Vejchakit Company Limited (a subsidiary holds 100 % shares) operates a transfer of shares of the Cholvaej Hospital company after the transfer of the Cholvaej Hospital company is a subsidiary of the Bangpakong Vejchakit Company.
- April 2014, Chularat 3 hospital have been accredited hospitals internationally JCI (Joint Commission International) accreditation standards of the United States .aAnd open Chularat Arkanay clinic.
- May 2014 has increased registered capital of Bangpakong Vejchakit Company from 300 million baht to 500 million baht to support the building of the company's expansion plans. Cholvaej Hospital Ltd. (Subsidiary)
- July 2014, CHG was awarded Asia's 200 Best Under A Billion magazine Forbes Asia.
- September 2014 has increased registered capital of Cholvaej Hospital Ltd. from 16.50 million baht to 100 million baht for the expansion of hospital buildings a. nd bought 4 buildings, 6 adjacent rooms in Chularat 9 Hospital to expand the service area.
- December 2014, Chularat 3 Hospital and Chularat 9 Hospital, awarded by the AIA Award.

**Note:**<sup>1/</sup> The Ministry of Public Health Act regarding characteristic of clinic and type of services 2002 determines health facilities that doesn't take overnight patients as "outpatient clinic" and health facilities that take less than 30 overnight patient is called "clinic" and health facilities that take more than 30 overnight patient is called "hospital".

## Shareholder structure of the Group

As of 31 December 2014 Chularat Hospital Public Company Limited (“The Company”) consisted of 4 subsidiaries which are Convenience Hospital Company Limited, Bangpakong Vejchakit Company Limited, Thai Amdon Company Limited and Chularat Arkanay Hospital Company Limited and The Cholvaej Hospital company Limited invested through Bangpakong Vejchakit Company Limited. Chularat Hospital Public Company Limited has shareholder structure as shown the figure below:

Figure 1-1: Shareholder structure of the Group of Chularat Hospital Public Company Limited as of 31 December 2014



## 1.4 Relationship with business group of major shareholder

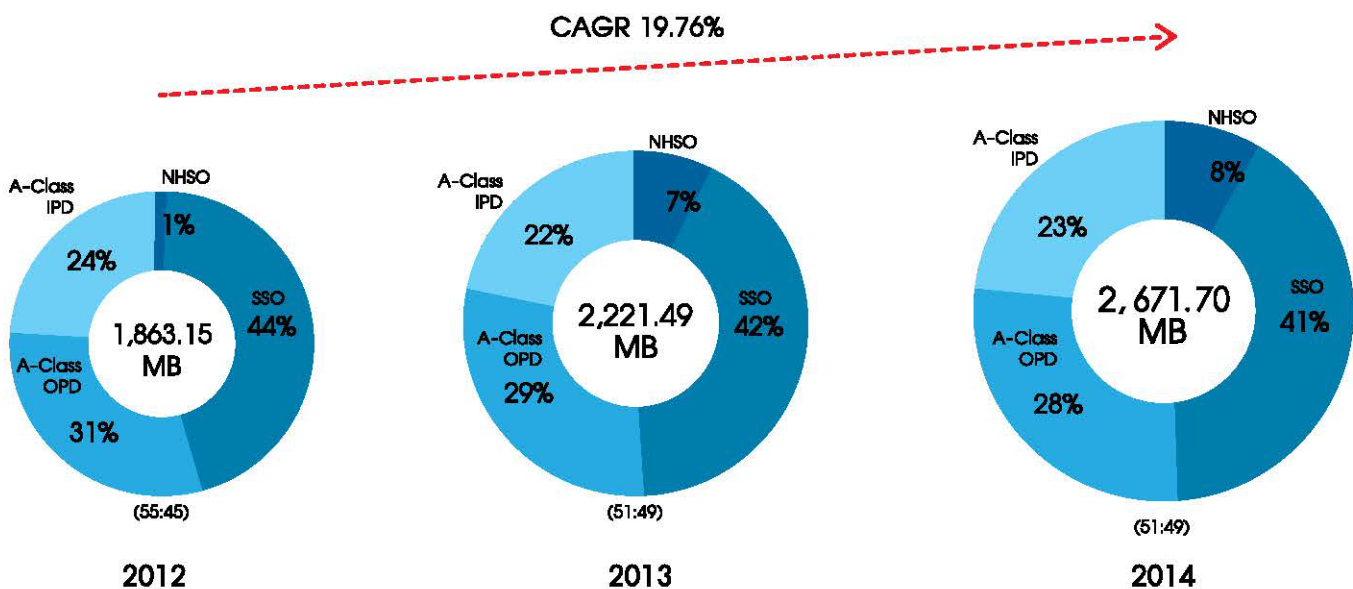
The Group has no dependence or competitiveness with the major shareholder’s business significantly.

# Business Operations

## Revenue Structure

The Company's revenues increased steadily. The revenue of hospital operations of the company from 2012-2014 are shown in the table.

### Revenue of the Company from 2012 -2014



Revenue from Hospital Operations	Fiscal year ended 31 December 2014					
	2012		2013		2014	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
<b>Revenue from General Patients</b>						
OPD	577.34	31.0	644.94	29.0	752.31	28.2
IPD	452.91	24.3	488.87	22.0	610.95	22.9
<b>Total Revenue from General Patients</b>	<b>1,030.25</b>	<b>55.3</b>	<b>1,131.92</b>	<b>51.0</b>	<b>1,363.26</b>	<b>51.0</b>
<b>Revenue from Government programs</b>						
Revenue from Social Security program	819.32	44.0	928.04	41.8	1,085.40	40.6
Revenue from other government program	13.58	0.7	159.64	7.2	223.04	8.3
<b>Total Revenue from Government Programs</b>	<b>832.90</b>	<b>44.7</b>	<b>1,089.57</b>	<b>49.0</b>	<b>1,308.44</b>	<b>49.0</b>
<b>Total Revenue from Hospital Operations</b>	<b>1863.15</b>	<b>100.0</b>	<b>2,221.49</b>	<b>100.0</b>	<b>2,671.70</b>	<b>100.0</b>



## Description of Products and Services

Chularat Hospital Public Company Limited (“The Company”) consisted of 4 subsidiaries which are Convenience Hospital Company Limited, Bangpakong Vejchakit Company Limited, and Chularat Arkanay Hospital Company Limited and The Cholvaej Hospital company Limited invested through Bangpakong Vejchakit Company Limited operate private hospital. Chularat Hospital Group coverage service area around Suvarnabhumi Airport (Eastern Bangkok area) along Bangna-Trad Road extend to Chachoengsao province, along 304 highway to Prachinburi province, downtown in Chonburi province . In 2014 Chularat Hospital Public Company Limited has 3 hospitals, and 9 small hospitals and clinics totally 12 branches and has total registered 414 beds.

Chularat Hospital Public Company Limited always focuses on quality of treatment and specialist team, In 2014 which bring the hospital to receive international accreditation from JCI (for Chularat 3 Hospital), national accreditation from United State.

The Company provides services to 2 main types of customers, general patients and social security patients and patients under the National Health Security Office (NHSO) who have hemodialysis and heart decease in Samutprakarn and nearby provinces in the East, etc. The hospitals and clinics in our groups have 12 branches spreading in areas where customers can access easily.

Chularat Hospital Public Company Limited and its subsidiaries provide medical care for patients 24 hours a year. In 2012, the Group has 3 hospitals and 7 Medical clinics. The scope of services covers the eastern side of Bangkok and nearby provinces including Samutprakarn, Chachoengsao and the area near Suvarnabhumi airport.

## Scope of medical services

The hospitals in the Group provide medical services to patients by specialists in each field using effective tools and medical devices. The services of the group can be categorized as follows:

### (1) Medical Clinic

- General Medical Clinic (Available at CH1,3,5,9,11):\* provide Medical Services and patient care clinics , such as diabetes, high blood pressure, high cholesterol, etc.
- Clinical Disease Internal Medicine (Available at CH 3,9,11) \*: provide treatment and care of patients with the disease, internal medicine specialist areas such as cardiovascular disease, gastrointestinal tract, skin diseases, cancer. , infectious diseases, respiratory diseases, arthritis and rheumatic Baptist, endocrine system disorders, brain and nervous system, kidney disease, allergies, blood diseases.

### (2) Surgery Clinic

- Clinical Surgery (Available at CH.3,9,11)\*: provides diagnosis and treatment of general surgery, Including laparoscopie surgery. Hand surgery and orthopedic clinic ,Neurosurgery Clinic ,Maxillofacial Surgery Clinic, Plastic Surgery Clinic ,Urological Surgery, Cardiovascular Surgery, Surgical Oncology, Cancer Surgery, General Surgery, Breast Surgery, Ophthalmology, ENT surgery.

### (3) Integrated heart center (Available at CH.3)\*

#### (4) Comprehensive cancer treatment center. (Available at CH. 9)

#### (5) Other clinics and medical centers.

- Neonatal Intensive Care Unit (NICU) (Available at CH.3)\*:
- 24-hour pediatric clinics (Available at CH.3,9.
- Stroke Center (Available at CH.3,9)\*
- Allergy Clinic (Available at CH.3)\*
- ENT Clinic (Available at CH.3,9,11
- Eye Laser Center (Available at CH3)\*.
- Dental surgery center “Dr.Dentist” (Available at CH3,9,11)\*
- Obstetrics – Gynecology Clinic (available at CH.3,9,11):\*
- Gastrointestinal and Liver Center (Available at CH3,9,11)\*
- Colon and Rectum Center (Available at CH3,9,11)\*
- Dissolution of gallstones and urinary tract center (Available at CH3,9)\*
- Dialysis center (Available at CH3,9,11)\*
- Physiotherapy Clinic (Available at CH3,9,11)\*
- Bone Clinic (Available at CH3,9,11)\*

#### (6) Emergency care throughout 24- hour Center (Available at CH3,9,11)\*

#### (7) Check-up Center

#### (8) X- ray Mobile check-up

#### (9) Occupational Medicine

#### (10) Laser and Cosmetic Center (Avalable at CH1,3)\*

## The potential for medical services

As of 31December 2014, the Company has the potential to provide medical services. The utilization of services is categorized by patients as follows:

### (1) Number of visits and the number of beds available

Out-Patient Department (OPD) potential assessment is assessed by the number of treatment rooms. While the potential of In-Patient Department (IPD) is estimated from the number of beds available. The potential in the service of the Company as of 31 December 2014 is as follows:

Hospital/Branch	No. of Room	Registered Beds	Actual No. of Bed Available
<b>Chularat Hospital Public Company Limited</b>			
Chularat Suvarnbhumi Medical Clinic	5	26	19
Chularat 2 Medical Clinic	3	-	-
Chularat 3 Hospital	28	134	134
Chularat 4 Medical Clinic	3	-	-
Chularat 5 Medical Clinic	5	26	26
<b>Convenience Hospital Company Limited</b>			
Chularat 7 Medical Clinic	1	-	-
Chularat 8 Medical Clinic	2	-	-
Chularat 9 Hospital	25	100	100
<b>Bangpakong Wajchakit Company Limited</b>			
Chularat 11 Hospital	16	100	86
Chularat 12 Medical Clinic	2	-	-
Chularat Cholvaej Medical Clinic	3	28	11
<b>Total</b>			
	<b>93</b>	<b>414</b>	<b>376</b>

## (2) The rate of service

The occupancy rates for the patients are assessed of the actual amount of services compare with the potential to provide the highest service. The rates are classified into outpatients and inpatient rates. In 2012 and 2013 and 2014 the outpatient utilization rate fell from 72.5 percent to 70.9 percent to 69.0 percent due to the Company increases the number of diagnosis rooms to accommodate greater numbers of outpatient. While inpatient utilization rate (Bed Occupancy rate) decreased from 84.0 percent to 76.0 percent during that time because the Company Increase the number of beds to accommodate a growing number of patients. In 2013 and 2014 the inpatient utilization rate (Bed Occupancy rate) increased from 76.0 percent to 81.4 percent

## Outpatient

	2012	2013	2014
No. of Diagnosis Room (Approx.) *	79	84	93
No. of date	365	365	365
Potential to treat outpatients (Time) **	2,018,450	2,152,587	2,370,060
No. of date of actual treatment (Time)	1,464,299	1,525,557	1,634,407
<b>Service Rate (Percent)</b>	<b>72.5</b>	<b>70.9</b>	<b>69.0</b>

## Inpatient

	2012	2013	2014
No. of Actual Bed (Approx.) *	341	363	376
No. of date	365	365	365
Potential to treat inpatients (Bed)	124,465	132,495	137,240
No. of date of actual treatment (Bed)	104,569	100,678	112,067
<b>Service Rate (Percent)</b>	<b>84.0</b>	<b>76.0</b>	<b>81.7</b>

**Note:** \* The actual number of rooms and number of beds are calculated from the average of the beginning and end of the period.

\*\* The ability to get the maximum outpatient assessment by the management company is about 70 times/room/day.

## Spa services

The company sees opportunities to grow in spa business from holistic health care spree. The company used a part of Chularat 3 Hospital and Chularat 1 Medical Clinic as the location of the spa service under the name "Chularat Health Spa" serving in 3 categories which are Spa services, Thai Massage, and foot massage by employees specialized in each categories. Chularat Health Spa opens daily from 10.00 am to 21.00 pm

## Purchasing tools and medical devices and nursing assistants training

A subsidiary of the Company is Thai Amdon Company Limited ("Thai Amdon") imports and supplies surgical and medical equipments such as electric beds, heart rate measurement machine and blood oxygen levels calculator, etc. Now, most of products and medical devices imported by Thai Amdon are distributed to hospitals and clinics in the group. However, Thai Amdon is setting a marketing plan to increase distribution to other hospitals in the future; the Company also operates a nursing assistant training under Chularat Inter Health to train personnel to have quality to support the expansion of the hospital.

## Marketing and Competition

### marketing strategies

Chularat Hospital Group Has taken its marketing policy The main goal is to provide medical services and public access to any group, and cover the surrounding areas of hospitals, and medical clinics in the group. The Chularat hospital group has been serving as the primary, secondary and tertiary medical services so that customers can access easily. And aims

to become a prominent private hospital under the concept of “The Star of the East”. And is recognized by the customers in terms of quality of service to satisfy the client’s (Patient Focus) at a fair price. By focusing on the safety of service users is significant (Patient Safety) as well as the goal of a private hospital where cattle are growing in parallel with the expansion of business and industry in the East and Samutprakarn Province. It will focus on expanding the network provider. And extend the quality of services through the Centre of Excellence.

Current medical facility of the company is at the level of secondary total of 3, including Chularat 3 hospital, Chularat 9 hospital and Chularat 11 hospital . However, the company can provide services to the tertiary Excellent Center in the section. Hand Surgery and Orthopaedic Clinic ,Neonatal Intensive Care Unit and a comprehensive treatment of heart disease. Comprehensive Cancer Center, including clinical treatment of prostate cancer. And Stroke Center Chularat hospital group has hospitals and clinics totally 12 branches. Chularat Hospital Group coverage service area around Suvarnabhumi Airport (Eastern Bangkok area) along Bangna-Trad Road extend to Chachoengsao province, along 304 highway to Prachinburi province, downtown in Chonburi province.

The Company provides services to 2 main types of customers, general patients and social security patients and patients under the National Health Security Office (NHSO) who have hemodialysis and heart decease in Samutprakarn and nearby provinces in the East, etc.

## Types of Customers

### (1) Customers

- Cash: Customers are responsible for the cost of medical treatment on their own. The target group is people with upper-level income whose residence or workplace are close to the location of the hospital or medical facility of the Company, or those who have confidence in the quality of the medical services of the Company. The Company focused on providing a quality service and increases the scope of medical services and we do public relations and marketing to target these customers.
- Corporated contracts: a group of customers who receive medical treatment because their organizations have agreements with the Company which the host organization is responsible for the cost of the treatment or a group of customers with health insurance. The Company will charge directly to the organizations or insurance companies. This group of customers is likely to increase as the growth of insurance business and health care trend are increasing.
- Motor Vehicle Victims Act 1992: customers from this group are patients who have traffic accident and get treatment under Motor Vehicle Victims Act of 1992. Some hospitals in the group located on Srinakarin Road, Kingkaew Road, and Bangna – Trad Road which have many traffic accidents so the Hospital offers emergency care to facilitate the service users and allow the hospital to send an ambulance to the scene in a timely manner, the hospital will provide treatment to the patients or the aggrieved party of the patients at no charge and will be reimbursed from the insurance company under this Act.
- Workers compensation fund: employees who have industrial injury due to accidents at work and get the treatment by the Compensation Act 1994. The Hand and Bone Surgery Center of the Company has expertise in the treatment of hand injuries and Micro Surgery which can serve the requirements of the customers in this segment. The hospital will provide treatment at no charge and the Hospital will be reimbursed for the cost of treatment from compensation fund for victims of work afterwards.

## (2) Customers from public health benefit programs

- Customers under Social Security: The Social Security Act 1990 requires the employee to be deducted and remitted their monthly wages to Social Security Fund. Such employees can receive medical treatment in hospitals in the network of social security which employees may choose without having to pay. The hospital that provides treatment under Social Security Act will get services fees from Social Security Office in 2 forms: Flat rate per each patient (the rate of 2013 is 1,446 baht per person per year) and the marginal fee (See details in Part 3 section 14 Analysis and Comments of the Management).
- In 2014, the average number of Company's customers under Social Security is approximately 326,783 cases. After Chularat 3 and Chularat 11 Hospital are certified HA Certificate Step 3, the Company can acquire more patients so the Social Security maximum patients will increase to approximately 444,000 people. In the future, the Company may request the increase of the right to treat Social Security patients. However, the management of the Company has no plans to expand this group of customers. The future projects are mainly to serve general customers.
- Customer under the National Health Security Office (NHSO). Available Chularat 3 hospital in the center forward for heart patients. Was to get to the heart patients in Bangkok and nearby provinces are projects that help the public hospital or private hospital having trouble sending patients to treat heart has to wait a long time. The hospital will receive the medical services of the National Health Security Office (NHSO). In the model, the relative weight (RW), depending on the area of the hospital to deliver. That inside the area Or outside the area And the additional equipment

## Industry conditions and competition.

### Industry conditions

The trend of private hospitals will be merged together into a network or to see a lot more in the next 1-2 years to adapt to market liberalization in ASEAN. In the future, may be left with only 2-3 large hospital groups in Thailand. Thus, any hospital would be difficult without a network. The hospital is emerging. If no network or affiliate is a disadvantage in the competition immediately. Due to the bargaining Whether the image of personnel, procurement of drugs and medical devices. Including the sharing of information and knowhow in. To fight hospital network is not.

Research data from the Boston Consulting Group found that in 2012 there will be foreign tourists have visited the Medical Services in Thailand worth 4.5 billion baht or 25% of the entire world. Overall, the private hospital is growing as well. Because people are buying more Especially hospitals in stock exchange thailand for some of the growth of over 25%, while foreign customers is more than 1.5 million people.

Factors such as pressure to a small private hospital in the city of Thailand, about 250-280 hospitals, and most hospitals do not have the network to adapt and look for partners to strengthen himself. Both in terms of standards in terms of management and reduce service costs, technology and personnel with expertise. To support the competition is expected to be more severe. It is expected that the negotiations to find a group or network is clearly much more

This integration is a network or a merger, the hospital has it's downsides are advantages to compete with other nations. Because of the larger size will reduce the cost. And Shared Services Including technology together. The disadvantage is May cause the price to maintain the increase. If the hospital is able to control the market is pricing. While the problems of the private hospital factors that can not be avoided and is a factor that is still in business. Medical personnel who do not meet the needs of a rapidly growing private hospital. The hospital is required to pull the medical staff of government, along with personnel from the private hospitals are pulling themselves as well. The medical staff with specific expertise in the future will be a key factor in creating brand awareness, both in Thailand and abroad.

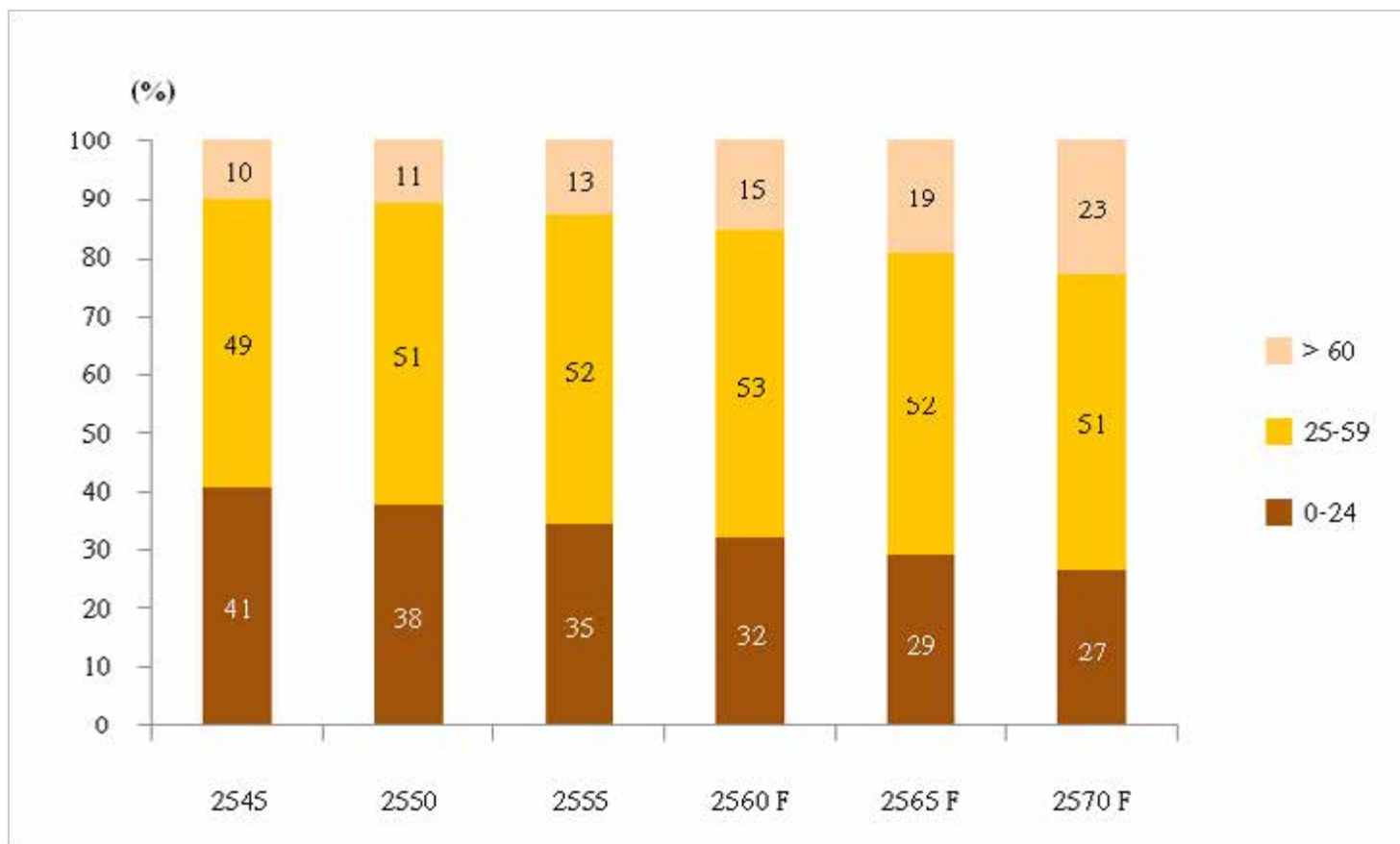


## Overview of the health service in Thailand

The overall of the business of providing medical services. Is growing rapidly Caused by the environment has changed. Result in an epidemic that is spreading rapidly, causing a wave of anxiety. The society has to get news quickly through Social Media, the people to focus on health care and more. The social conditions have changed. The urgency to fantastic Eating out Physical inactivity And increased stress All the causes of illness. And the current situation, illness and disease. And common diseases that are more serious. It reinforces the need for health services rose steadily. Moreover, as will be discussed as a society elderly in 2017 would have the elderly, 15% of the population, or about 10 million people, and in 2022 would have the elderly, 19% of the population, or approximately 13.50 million people visit. Figure 2-2

The Elderly As a result, operators in the health industry vision health needs higher in chronic non-communicable more common in the elderly, such as hypertension, diabetes, where these diseases are the leading cause of coronary others. such as cardiovascular Stroke And from a human longevity, it is risky to detect cancer rise. Women will find breast cancer. And cervical cancer Most are found in men, lung cancer, liver cancer, prostate cancer. These are factors that contributed to a group of people to pay attention and focus on prevention by ensuring the continued health. And modifying lifestyle habits to reduce risk factors.

Percentage of Population by Age.



## Health welfare system in Thailand

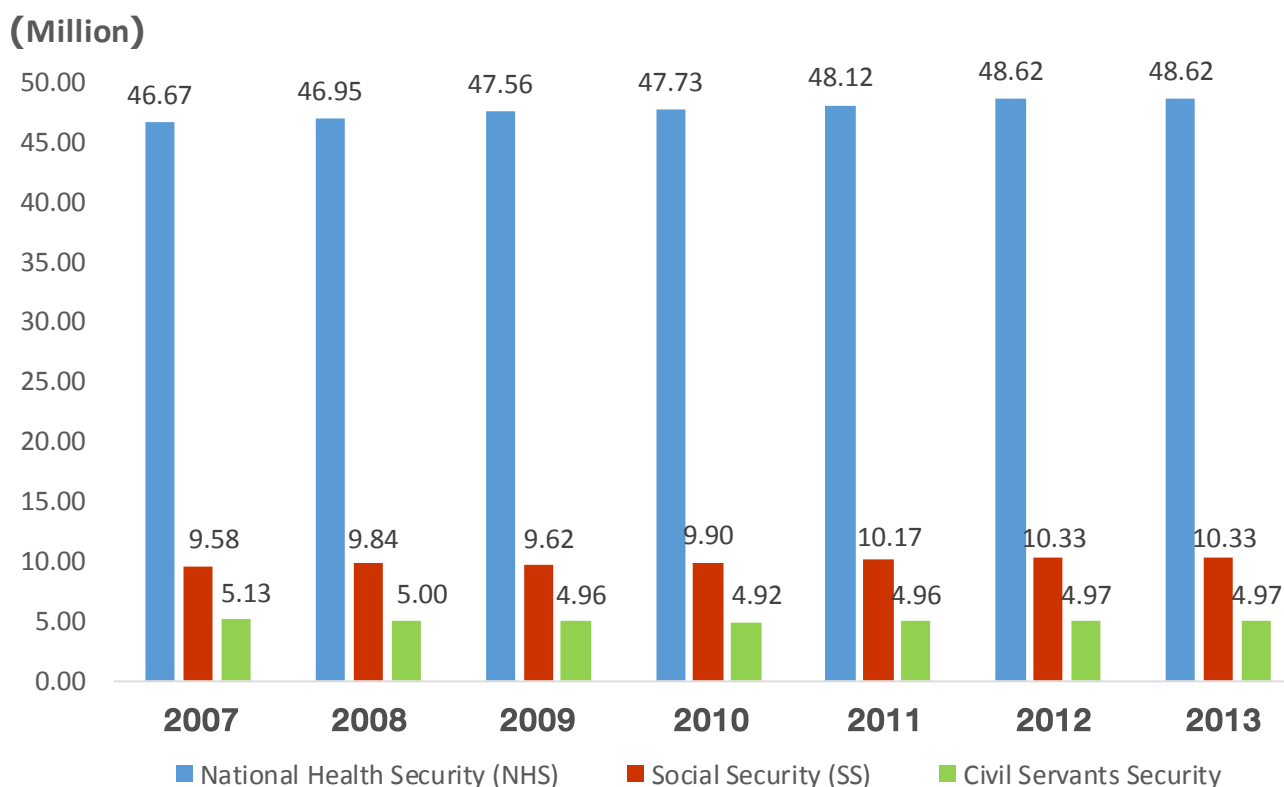
Health social welfare system helps create opportunities to access health services to all sectors of society which the government has focused all along. The primary service systems are as follows:

- **Social Security:** providing health care to the private sector workers covering disability, injury, death both related and unrelated to the work, childbirth and child allowance, elderly and unemployment. The social security system was taken care by the Social Security Office.

Social security system in Thailand was first started in the year 1972 on the establishment of a compensation fund for work related victims in Bangkok and extended care coverage to all provinces on 1 July 1988, and has been pushing the Social Security Act 1988, effective from 2 September 1988 onwards.

- **National Health Security:** established according to the National Health Security Act 2002 with the objective of providing health care to those who have no other health and social welfare rights. This system emphasizes primary care of general medical conditions. The agency that oversees health insurance coverage is the National Health Security Office.
- **Civil Servants Security:** providing health care to government labor, including civil servants and public sector employees. The welfare system will cover their spouse, parents, and minor children. Welfare system for officials and state enterprise is responsible by the Comptroller General's Department, Ministry of Finance

Number people who have rights on health welfare system (only three main rights)



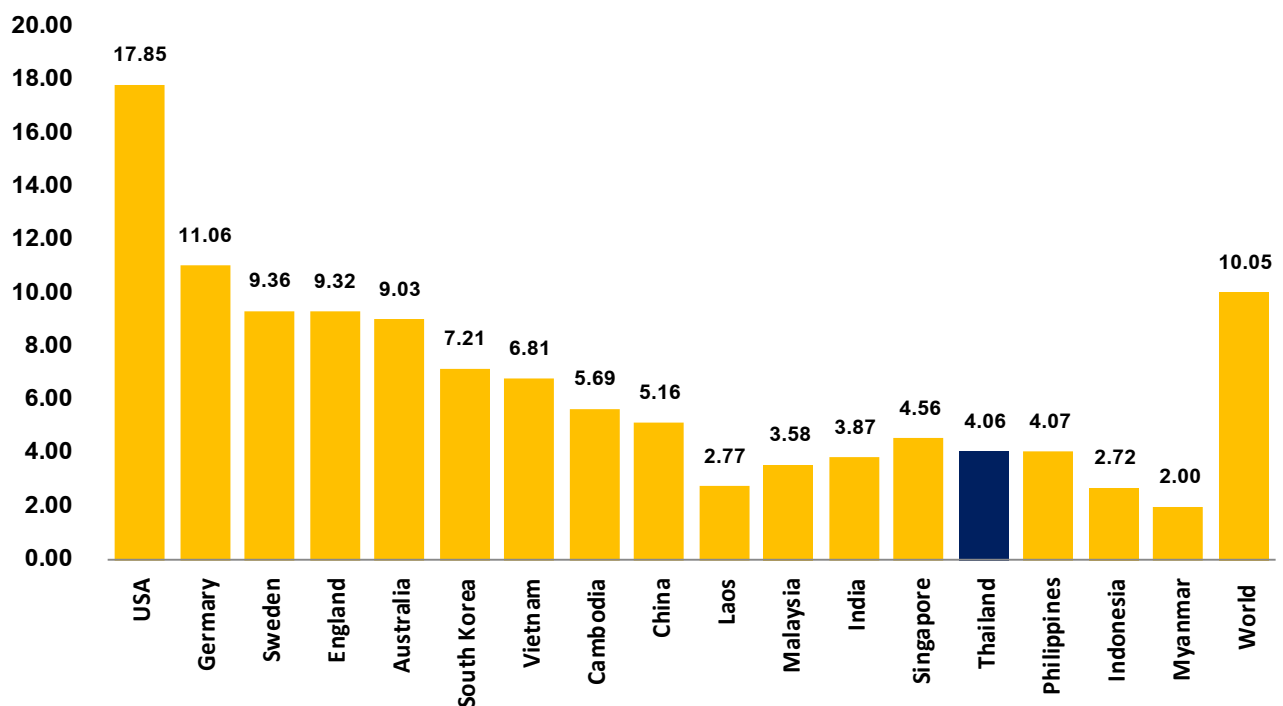
Source: Registration Administration Center, Fund Management Department, National Health Security Office

## Future Trends

### (1) The growth prospects of the medical services business

- **The integration of Asean Economic Community (AEC):** AEC integration plans in 2015 gives benefits to healthcare business in Thailand. Hospital business expects the increase of patients to use medical services in Thailand. Compared with other countries in the region, hospitals in Thailand has higher standard of treatment compared to the service rate, and the quality of medical personnel and service are higher.
- **The proportion of health expenditures is lower than other countries:** Figure 2-5 shows the proportion of overall health expenditures (both the government spending and the private expenditures) of various countries comparing to gross domestic product (GDP). The comparison showed that Thailand has 4.06 percent which is lower than the average of all countries (10.05 percent) and lower than other Asian countries (except Indonesia and Myanmar, which accounted for 2.72 percent and 2.0 percent, respectively). The government has a policy to encourage public access to health services and nowadays the health trend is coming, resulting in the increase of health expenditures in the future.
- **Higher proportion of elderly in society:** The standard of public health care in Thailand has increased, making the average age in the Thailand increased, while birth rates is declining steadily. Therefore, the proportion of the elderly (over 60 years) compared to the overall population has increasing. From Figure 2-6 shows the predicted proportion of the aging population will increase from 13 percent in 2012 to 23 percent in 2027. The increase in the proportion of elderly will result in the increase of medical expenditures and the growth of health care business in the future is growing.

Proportion of health expenditure per GDP (%) Comparing in each countries (2013)



Source: World Bank

Source: Office of the National Economic and Social Development Board

## Competition

The Company may face competition with the private hospital located in a radius of about 10 kilometers from the Group. The area covers Bangkok in Prawet and Latkrabang, Samutprakarn and Chachoengsao. The hospitals and nursing homes in the areas are as follows:

Hospital in the Group	Nearby Hospitals	Location
Chularat 3 Hospital	Piyamin Hospital Central Park Hospital Bangna 5 Hospital Ratharin Hospital Paolo Memorial Samutprakarn Meaungsamut Paknam Hospital Samrong Medical Hospital	Samutprakarn Samutprakarn Samutprakarn Samutprakarn Samutprakarn Samutprakarn Samutprakarn
Chularat 9 Hospital	Thai Nakarin Hospital Bangna 1 Hospital Sikarin Hospital	Bangkok Bangkok Bangkok
Chularat 11 Hospital	Ruamchaipracharak Hospital Bangna 2 Hospital Sotarawej Hospital	Samutprakarn Samutprakarn Chachoengsao

As there are many private hospitals in the same area, the competition is quite high. However, the Company has an advantage in many areas as follows:

- Medical personnel of the Group has expertise in a wide range of specific diseases and the Company has specialized medical centers such as:
  - Hand and Bone Surgery Center: The Company has expertise in Micro Surgery. The hospitals in the Group are the centers of hand injury care in Samutprakarn and neighboring provinces in the eastern region.
  - Integrated heart center can provide a complete service from the initial diagnosis, using stent and balloon to expand the artery to Cardiac surgery and heart, also this Center is a referral center under the National Health Security Office.
  - Neonatal Intensive Care Unit (NICU): Chularat 3 Hospitals is a referral center for newborns with critical illness under The National Health Security Office.
- The preparedness for both medical devices and locations: The medical tools and equipments are modern and well equipped. The Availability of patient rooms and beds are sufficient for both outpatient and inpatient. Moreover, the atmosphere of the hospital is beautiful, clean, neat and safe.
- The location of hospitals and nursing homes in the Group located in the Community which is convenient for users to access.

## Competitive Strategy

The current situation of the hospital is competitive in both quality of service and the advance of medical technology. To build competitive edge and sustainability, the management of the Company has developed and continually revised Competitive Strategies as follows:

### (1) Having several hospital networks in potential areas

The Company has 3 hospitals and 7 Medical clinic and clinics spreading around Samutprakarn and Chachoengsao and covering the East of Bangkok (Prawet and Lat Krabang), located in the industrial zone and communities that are rapidly expanding and near the Suvarnabhumi International Airport. The company can provide services to general patients and patients under the government projects effectively. In Addition, the network of the Company results in economies of scale of the following aspects:

- Effective management of medical equipment and supplies from the shared usage of equipment or tools.
- Inventory Management by using a rotation system between the pharmaceutical medicines warehouse in each field for replacement in case of shortages.
- Management of medical personnel, the Company has medical experts that can be circulated to other hospitals in the group effectively.

### (2) Distribution of income from a diverse group of clients

The Company has revenues from multiple client segments such as customers who pay cash, customers on contract, patients under compensation fund and patients under government benefit programs. Having multiple sources of income gives the consistency of revenue to the Company, resulting in the management and allocation of resources effectively. However, the policy of the Company continues to focus on increasing revenue from general customers as they provide higher profit margin than the clients under welfare programs. The revenue from general patients accounted 55 percent 51 percent 51 percent in 2012, 2013 and 2014 respectively. Although the portion of revenue from general patients is lower in 2013 and 2014 comparing to 2012 because the hospitals cannot expand buildings to accommodate the growth of the patient as planed in the building expansion plan. The new building construction will use 3 years which will be completed in Q4/2016, but the amount of revenue and the number of patients has increased steadily. Considering from 2012 to 2014, the revenues from patients has increased from 1,030.25 million baht to 1,363.26 million baht, representing the average increase of 15.03 percent per year, In the future, the Company has general policy to increase the number of patients by increasing the competency of medical services, the elegant and stylish atmosphere after renovation, adding more variety of services, such as providing comprehensive heart center. Stroke Comprehensive Cancer Center, including clinical prostate cancer, etc. In addition, the company has an aggressive marketing strategy to penetrate markets such as the academic market through providing a better understanding about the care. And lifestyle factors that reduce risk. Including providing discounts to patients who obtain health insurance with the insurance company that is a party to the Company.

### (3) Quality of service

Quality of service is one of the key factors of hospital business. The Company has recognized the importance of such factors and defined as service policies to ensure that patients receive the quality service as follows:

- Provide convenience and safety standards of services.
- Have effective patient assessment, analysis, diagnosis, treatment plan and reassessment.
- Have appropriate and accurate communication with patients and their families.
- Have appropriate patients distribution, including after care.

All processes must take into account the safety of the patient under the standard of World Health Organization (WHO) along with the development of patient treatment continuously. The hospitals needs to set up reviewing activities from reviewing medical records to reviewing all process related to medical treatment to get the personnel of the company to be ready to serve their patients fully and effectively and focus on patients' requirement. In addition the Company also try to educate personnel to have service mind which will help maintain service quality to meet the standards continuously.

In addition, improvement in service quality continuously results in the Company's affiliated hospitals receiving HA Certificate. In 2012 and 2013 Chularat 3 and Chularat 11 Hospital, respectively have been certified HA Step 3 And in 2014 Chularat 3 hospital certified JCI (Joint Commission Internation) from the United State. Moreover, the Company has updated the progress of technology, tools and medical equipment continuously to enhance its ability to provide accurate diagnosis and treatment more precisely. The Hospital also focuses on recruiting a team of medical specialists in each field, including nurses and support personnel with knowledge and experience so the services can be given 24 hours a day. Hence, the Company also provides training to educate employees on a regular basis, especially to medical staff and employees who have contact with customers, they will be trained constantly.

#### **(4) Setting the rate for medical fee**

The Company has the policy to set the medical fee to be consistent with the severity of the disease, yet at a level that can compete with nearby hospitals; the Company has no policy for price competition because it may impact negatively on the quality of service.

**(5) Social ResponsibilityPublic** relation activities strengthen the image of the company and create awareness of the capabilities and quality of service to the company's target customers. The Company uses activities booths and exhibitions in collaboration with government agencies and private sectors continually.

In addition, the Company also recognizes that as a part of the community, the Company has the important role to community and society. Reflecting in the Company's philosophy "The hospital not only exists for profit, but also the responsibility social and the environment" We can see the philosophy reflects in all social activities the Company has with government organizations and the Company organized social activities on a regular basis which helps build good relationships with people in the community, such as providing training for health literacy both within the hospital and outside the hospital to the public and employees of the client company, such as first aid training, child care training to pregnant mothers, mobile community health promotion projects, school tours, Cardiopulmonary resuscitation (CPR) training. Moreover, the Company tries to educate the public to be aware of environmental issues that the issues is personal and every person is responsible to change their behavior to reduce resource consumption as well as using recycling activities, etc.

#### **(6) Distribution Channel**

The hospitals and health care facilities of the Company locate in suitable location which is in high population community and close to industrial areas. The target customers can travel to the hospitals easily and the space allocation in the hospital is neat and ergonomic. In addition the Company has ambulances to transfer patients to other hospitals for emergency in a timely manner. Moreover, the Company has 3 hospitals in the group and 7 small health care facilities which customers under Social Security Program can access to services from every hospital and clinics in the Group.



## (7) Cost Control

The Company gets revenue from Social Security Program by getting paid the flat rate from the Government, so the Company's performance from Social Security Program is from the ability to control cost, while maintaining the quality of service. The Company determined strategic plan to ensure that patients is safe and the cost of their medication is low. The Company set up "low cost quality assurance" and reviews the activities continually. The responsibility staff is set. There are special activities to promote employees to give their comments about how to safe cost and increase work efficiency. Having hospital network benefits the company in using resources efficiently with cost and facilities sharing by using certain tools and medical equipment together.

# Provision of products and services

## Medication

Products or main materials for hospital business are medicines and medical supplies that use for patient's treatment. Pharmaceutical Department will gather all information of pharmaceutical and medical quantity needed. The information will be sent to Procurement Department. There are 2 methods of procurement which are purchasing through auction and direct purchasing.

When making procurement through auction, the Company will cooperate with other private to gather the amount of medicines and medical supplies so the Company has high amount to purchase which increase bargaining power in price and commercial terms. The Company is acting as a mediator to gather all demands for medicines and supplies, then invite distributors and medical supply tenders to join online auction. Then the Company will find the supplier that offers the most affordable prices and conditions. The contract will be signed with a supplier who won the auction. In order to ensure transparency and fairness in the procurement of the Company and other hospitals participating in the procurement, The Company have to set up a joint committee to evaluate and consider purchasing medicines and medical supplies each time. The Committee members are the representatives of hospitals that join the auction. The Committee will consider the appropriateness for price, quality standards and Good Manufacturing Practice (GMP), which contributes to the company the competency to supply medicines and medical supplies at affordable price under quality standards.

However, the Company will purchase some pharmaceutical directly from distributors, not through the auction system. The procurement method is mainly for the purchase medicines and medical equipment with low demand. Because of low demand, Venders do not participate in auction. And for Original Medicines which is an expensive imported medicine, the procurement needs to be done in particular.

The inventory management of hospitals is another important factor that the company is focusing on. The Company has set up a medicines or medical provision policy with a high frequency of use to be regularly sufficient and uses rotation system between the pharmaceutical medicines warehouse in each field to be used in case of shortage. The Company has store inventory system to maintain quality by controlling the temperature and humidity at an appropriate level for each medicines or medical equipments, also prevent exposure to direct light for medicines and medical supplies to last as indicated which is between 2-5 years. The company has good relationship with distributors, then the after sales service is good and there is quality assurance of medicines and medical supplies. The distributors allow the Company to return medicines and medical supplies if having quality problems including can return the products that is near their expiry.

The Company has prepared a report every month to monitor the amount of medicines, including medication that almost reach expiration date but still be in good quality and the remain date is still good to use but the meeting needs to be arrange to find a solution for that problem. However, by law the Company needs to set a provision for certain medicines and cannot return but the medicine need to be sent to be destroyed when it reaches its expiration date.

The Company purchases medicines and medical supplies from local vendors that give a delivery within 3 to 7 days, or in urgent cases could be delivered within 24 hours by our company has been a supplier of trade credit between 30 to 90 days. The company has low dependency in relying on suppliers because there are no vendor supplies to the Company more than 30 percent of the value of all the medicines and medical supplies. During 2012 to 2014 and the Company is not obligated to purchase the medicines or medical supplier for more than 30 percent of the value of raw materials in the future.

## Tools and medical equipment

In the procurement of medical equipment and devices, the company has established a Medical Commission to consider and approve the purchase of medical equipment, by comparing prices, features, and commercial terms with multiple vendors to get the tools and medical devices with quality and adhere to JCI(Joint Commission International Standard) and HA (Hospital Accreditation Standard). The tools and medical equipment parts is supplied by the company's subsidiary which is Thai Amdon Company Limited. That imports tools and medical equipment from abroad. The medical device supplied by Thai Amdon Company Limited such as Electric beds, heart rate measuring machine and blood oxygen levels machine, etc. However, the procurement of medical equipment through a subsidiary has strictly followed the guidelines according to JCI(Joint Commission International Standard) and HA (Hospital Accreditation Standard).

## Healthcare Personnel

As of 31 December 2014 the Company and its subsidiaries had 1,425 medical personnel from all branches. From the past, the Company can recruit medical professionals to work with the Company continually as a result of the management of the Company has a good relationship with medical schools and nurse training school. The Company has policy to maintain medical staff to work with the company for long period of time by determining appropriate compensation and benefits, providing scholarships to employees, creating good atmosphere and environment in the organization and creating a supportive organizational culture, for instance, senior personnel will provide care and training to personnel who have recently graduated, etc. In addition, the company also has divisions that provide training to nursing assistants under the operation of Chularat Inter Health, which is responsible for providing nurse assistances to all 12 hospitals and clinics of the group.

## Environmental Management

The company strives to a caring and environmental friendly organization. The overall policy of the company is to reduce waste and energy use, reduce carbon emissions, do wastewater treatment prior to release it into public water, increase Green areas in the hospital and make a campaign to raise awareness among staff and community to contribute to a sustainable quality of life.

During the month of April every year the Company has organized "Green Hospital" workshops and exhibitions held at Chularat 3 Hospital to educate the public. The Company raised the awareness of employees in recognizing the impact of global warming by the start of the campaign to plant trees in free space in the hospital to reduce energy consumption and reduce greenhouse gas emissions and purify air around the hospital which gives a positive impact in the surrounding community.

## Hazardous Waste

The result of the waste disposal of burning in the furnace at 1200 degrees causes the carbon dioxide in the atmosphere. Landfill gives methane gas in the atmosphere, both carbon dioxide and methane results global warming. The management of the Group aware of these conditions so the policies has been set to control the amount of waste to reduce waste and reduce all kinds of energy consumption, aiming to reduce emissions of carbon dioxide and methane. The management set up workshops to educate all personnel. All projects aim to motivate employees to be aware and change their behaviors that are harmful to environment. The ongoing projects of the Company are such as tree planting campaign in the organization and community, campaign to reduce the use of plastic bags and Styrofoam boxes, including change the use of cleaning chemicals to be biological. Using 2 sided paper Campaign, Campaign to use IT to help replace Paper Copying, as a result, reducing both the amount of toners, electricity, paper, storage space and the change of policy to replace fluorescent bulbs and fluorescent lights with LED to reduce electricity use, and reduce heat by switching off lights in office, tune office temperature to be constant, reduce elevator use, turn off computers when not in use, unplug all electrical appliances after use and car pool campaign to reduce energy consumption, etc.

## Wastewater Treatment

The hospitals in the Group have sewage system. To improve water quality to meet the standards of the Department of Health, Ministry of Public Health, before discharge to the public sewer, the treated water quality is monitoring regularly. Every year, the Company has passed the audit by the Social Security office and meets all conditions to be hospitals under Social Security office. The Company has developed and improved the wastewater treatment to ensure the quality and safety standards have met before released to the public. The treated water will be used to water plants and clean hospitals' parking lots.

# Risk Factor

The business of the Company may face many risks which might affect the operations and the company's share price. The following risk factors are just some important risk factors that could negatively affect the Company which could create a risk of investment by investors significantly. The Company may have other risk factors that are not aware of yet and there might be some risk factors that the company doesn't see importance but might affect the business operations of the company in the future.

## 1. The risk of shortage of medical personnel

Medical services have to rely on qualified healthcare personal in various fields. Currently the number of personnel is limited and the expansion of the medical business required qualified personnel with experience to join the organization. The personnel will take time to develop their knowledge and skills, resulting in the Company might face the shortage of medical personnel in various fields in the future.

However, in the past, the Company did not suffer from a shortage of medical personnel due to the Company appropriate Compensation and benefits policies along with the atmosphere and good hygiene in the workplace. Moreover, the Company has a policy on training and giving scholarships to employees of the Company, this includes the mentioned personnel. The objective is to build skills and build continually learning attitude in various fields resulting in making people become attached to the organization. The Company believes that the policy can help reduce the risk of a shortage of medical personnel. In addition, the company also has divisions that provide training nursing assistants under the operation of the Chularat Inter Health to meet the needs of the company in the meanwhile.

## 2. The risk of being sued by those who use services

The medical services are at risk of being sued by patients or relatives of patients. This may be due to the standard of service or treatment does not meet the expectations of all such persons.

The Company recognizes the risk factors and has tried to strengthen service standards continuously both for the treatment process and treatment evaluation. The Company has prepared guidelines to evaluate the satisfaction of service along with the risk management of getting customer complaints before being sued in court. This will help limit the impact of such risk factors. There are no cases of prosecution significantly as of 31 December 2014.

## 3. The risk of inaccurate withholding delivery when the Revenue Department assessed income tax of medical doctors differs from the approach of the company

Medical doctors are primarily on providing medical services. The Company has a written agreement "Contracts for the clinical practitioner for practitioner of Art" with medical doctor who take care of patients in the hospital. The purpose of the agreement is to provide medical doctor with the tools and equipment of the Company as clinical medicine for the treatment of patients. The medical doctor will share their earnings to the Company. The medical doctor is not an employee of the Company. The medical doctor will be charged according to the difficulty of the disease and assigned The Company to do billing and collecting payments from patients. The Company will arrange the place and the tools needed for medical treatment.

If considered by the Department of Revenue on agreements between hospitals and medical doctors in the same manner as the Company. Money for the medical treatment received by patients for medical treatment is not the type of

professional independent remuneration under The Revenue Code, Section 40 (6). When the Company collects the money on the medical bill or medical personnel fees from patients and repays the money to Medical Doctors, the Company is not required to withhold income tax from the medical doctors.

However, in practice it also has the interpretation of tax legislation in different detail about the kind of money to pay the doctor, so the company may be liable to income tax withholding and payment. When the Revenue Department understands about Medical Doctors' taxes different from the Company regarding withholding tax, to reduce the impact of risk factors, the Company identified in the Company taxation agreement between the company and the medical doctors that the contractor is responsible for the costs that may arise from additional tax assessments that may be caused to the company arising from the withholding tax of the individual medical doctor.

## 4. The risk of competition in medical services business

Currently medical services business is likely to have intense competition as the major operators in the market do joint venture arrangement continuously resulting in costs advantages, and their service channels are various. Moreover, new operators are entering into the market gradually causing a scramble for market share from existing operators resulting in awareness of service competition and using pricing policies to attract customers. The impact of the liberalization of trade and services under the terms of the AEC may result new competitors from the ASEAN countries to expand the scope of services to Thailand. These competitive factors may adversely affect the Company unavoidably.

The Company may face competition with private hospitals located in a radius of about 10 kilometers from the Group. The area covers Bangkok in Prawet and Lat Krabang, Samutprakarn and Chachoengsao with have many hospitals and healthcare facilities in the areas. As a result, the competition is quite high, however, compared with hospitals in the neighborhood is that the company has a competitive advantage in many aspects. Both the location of hospitals and affiliated clinics, including the Company's specialized medical services that have met all standard.

In addition, the Company is aware of the risk of such competition so it set policies that will improve quality of services. By strengthening the quality of service to meet standard of Hospital Accreditation (HA) and Joint Commission International (JCI) to prepare to provide healthcare services to patients both Thai and foreigners. In 2012 and 2013 Chularat 3 and Chularat 11 hospitals respectively certified HA Certificate stage 3, while Chularat 9 hospital has been certified HA certificate stage 2 and is currently in the process of applying for HA Certificate stage 3, respectively. And in 2014 Chularat 3 hospital certified Joint Commission International (JCI) in April 2014. The company also continues to expand its scope of services to cover more of alternative medicine and beauty services such as The establishment of a comprehensive heart center Comprehensive Cancer Center and clinical prostate cancer. Clinical Chinese Medicine, Laser and Cosmetic Center Chularat - Renoir along with spa services and Thai massage, etc. In terms of cost control to enhance competitiveness, the company has executed E-Procurement together with other affiliate hospitals which can increase bargaining power with medication suppliers effectively.

## 5. The Risk of having been paid of medical expenses

Besides patients who use Social security benefit, when general patients come for services, The Company will provide services to patients first according to medical ethic, so that the company has the risk that may not be able to collect medical bills after the service is complete.

Therefore the Company notifies the costs incurred to patients from time to time throughout the treatment. And the Company has a receivable management unit to monitor the risk, find prevention guideline along with finding solutions for the company and patients if problems of paying medical bills occur in order to reduce the risk.

However, considering the quality of a company's receivables in 2014, the Company has main receivables which are Social Security receivable of 587 million baht and accounts receivable of 161.72 million baht, which was mainly from the Social Security Office and life insurance and casualty insurance. Those patients have low risk of not paying debt, so the company has low risk in collecting medical billing.

## 6. The risk of changing of technology for Medical tools and equipments

The company has focused on providing therapeutic services which become increasingly complex through the medical expert centers which must rely on increasingly advanced medical. However, current medical technology is changing rapidly. This may cause some types of medical devices and technologies have replaced easily and it may also have high maintenance costs. The Company has recognized the importance of these matters and has a policy for consideration and analysis the qualifications of the tools and equipments, the usage advantage and the value of medical instruments and equipment for long-term investment.

## 7. The risk of changes in the Social Security Policy

Currently, the company has income from Social Security medical program in relatively high proportion which is about 40-44 percent of total revenues in 2012 to 2014, so the Company is at risk to be affected by the change of government social insurance scheme. However, the management of the Company believes that social security system of the country is relatively stable in both system and security disbursement. The new policy change might be increasing more additional medication fee to reflect the cost of services of the hospitals participating in the system, which will be beneficial to the Company. The management has monitored the change in government policy through the Hospitals Association for the Development of Social Security, resulting in making it possible to assess the risk of changes of the program and the management can give comments and suggestions before the policy will be enforced.

## 8. The risk of having insufficient income to pay for the cost of actual medical treatment

In 2012, 2013 and 2014, the earning from Social Security accounted for approximately 44.0 percent and 41.8 percent and 40.6 percent of revenue from hospital operations, respectively, which is relatively high. However, from participation in the Social Security program, the Company has risk due to the Company has actual costs of providing medical care, but the medical costs of the Social Security program is determined by government policy and the number of people registered with the hospital which may vary from the relocation of the insured, and the relocation of industrial plants. The income will also depend on statistics of providing services to risk patients and patients with severe disease and high treatment costs.

The Company has a policy on management social security services by managing cost to be efficiently. The company provided knowledge about hygiene, health and illness in the initial practice to these customers in Social Security program continuously. The Company also spread service points through many clinics and affiliated hospitals to cure patients before severe symptoms occur. Also the referral system for patients enables the patient to be sent to well-equipped hospitals under the Group of the Company. So medical professionals can diagnose and give treatment quickly and safely. As a result, the Company Can reduce the risk that patients in the group will have symptoms of severe illness or chronic disease, the company can manage the cost of services appropriately. (More details on Title 14 the analysis and description of the management), resulted the Company reduces the risk for the cost of providing medical care for such patients.

The Company has a policy to increase revenue from more customers. This will affect the company to manage costs well and the proportion of customers from Social Security program began to decline. The risk of such income might be decreased consequently.



## 9. The risk of renewal lease space for operations

The company is the owner of the land and hospital buildings and nursing facilities for the treatment of patients. Except Chularat 9 Hospital which has leased some land and some medical clinics that the company leased the building from the other party. Most lease contracts are approximately 1 year to 3 years, the risk that counterparties may terminate contracts prematurely and the risk of landlords don't allow lease renewal, and the Company may have to find new places for business which impact on the impairment of investment in fixed assets in respect of the completion of construction on the leased area. However, the company has tried to build good relationship with landlords. In the past, the Company had no problems on renewal. Chularat 9 Hospital was operated by a subsidiary company; Convenience Hospital Company Limited has taken a lease of land since 2006 and has been renewed for 7 years until now. The Company expects to renew the lease in the future; the Company has a building on the leased space and has used it continuously. As of December 31, 2014 the assets values remaining after the deducting of depreciation is equal to 12.37 million baht, accounting for 0.4 percent of the property, plant and net equipment. In order to reduce the risk of the lease agreement, the resolution of the Board of Directors ' Meeting No. 6/2012 held on November 7, 2012 approved to purchase land for expansion of the service area of the Chularat 9 hospital in nearby areas to reduce reliance on leased space in the future. The Company paid the purchase of land and transferred it on 20 February 2013 And in September 2014 purchased the building 4 of 6 next to a Chularat 9 Hospital to expand the service area. To reduce the dependency on lease in the future. The rental space for the operation of Clinical Medicine Company believes that it can provide a potential replacement if the cancellation of the lease of such clinics.

## 10. The risk of fluctuations in interest rates

The Company uses a conservative financial policy without relying on financing from external loans. It will only apply for loans for long term investment. As of 31 December 2013, the Company had no outstanding long-term loans from financial institutions. However, the Company is considering applying for a long-term loan used to expand the building to accommodate the number of patients increases, which in the future after the withdrawal of the loan, the Company may be exposed to risks from fluctuations in interest rates , which may affect the financial costs of the Company. However, the borrowing policy of the Company is low comparing to the registered capital of the Company and the Company only considers low interest loans.

## 11. The risk of having a major shareholder that can control management policy

The Company has a major shareholder which is the Plussind family (More details in Part 2, Section 7 Securities and shareholders). By the closing date of shareholders on December 9, 2014, the family holding shares in the Company accounted for 40.08 percent of the paid up capital which is lower than 50 percent, so the risk of having a major shareholder control the Company is not possible. Moreover, the Company is aware of such issue so the management structure of the Company comprises of the Board of Directors and the Audit Committee which consists of personnel with knowledge and expertise. There are 4 independent member appointed to join the Board of Directors from a total of 12 Directors. 3 independent directors will serve as the Audit Committee to monitor and comment on the reasonableness of transactions prior to submission to the Board of Directors or the shareholders' meeting afterwards.

# Shareholding Structure and Management

## Value of authorized capital and paid-in capital

On December 31, 2014 the company has an authorized capital of 1,100 million bahts, paid-up 1,100 million bahts, and divided into 1,100,000,000 units of common stock with 1.00 baht par value for each.

## Shareholders

On the latest shareholder book closing date on December 9, 2014. Major shareholder list of the company including involving shareholders according to Section 258 of The Securities and Exchange Act B.E. 2535 and shareholders under the same authority have the following details.

Major shareholder list	On the latest shareholder book closing date December 9, 2014	
	Share amount	ratio (percent)
<b>1. Plussind group</b>	<b>440,851,430</b>	<b>40.08</b>
<b>1.1 Ratipanichvong group</b>	<b>295,758,005</b>	<b>26.89</b>
1.1.1 Ms. Kannikar Plussind*	199,475,040	18.13
1.1.2 Mr.Naran Ratipanichvong	39,134,890	3.56
1.1.3 Mr.Somboon Ratipanichvong	38,405,420	3.49
1.1.4 Mr.Tajchai Ratipanichvong	18,742,655	1.70
<b>1.2 Plussind group</b>	<b>145,093,425</b>	<b>13.19</b>
1.2.1 Mr.Kriengsak Plussind*	36,858,785	3.35
1.2.2 Ms. Suwimol Atikij	32,412,260	2.95
1.2.3 Dr. Kumpol Plussind*	25,372,020	2.31
1.2.4 Mr. Polsin Plussind	17,720,585	1.61
1.2.5 Dr.Polsant Plussind	8,625,010	0.78
1.2.6 Ms.Thitaporn Plussind	17,860	0.00
1.2.7 Mr.Kiettisak Kankaew	10,990,800	1.00
1.2.8 Ms.Rujee Thongprakob	6,104,045	0.55
1.2.9 Ms.Prayong Yimmak	2,420,860	0.22
1.2.10 Ms.Ratchanee Sriwilai	4,571,200	0.42
<b>Plussint group</b>	<b>440,851,430</b>	<b>40.08</b>
<b>2. Panyapol group</b>	<b>224,343,225</b>	<b>20.39</b>
<b>2.1 Mr.Apirum Panyapol*</b>	112,883,805	10.26
<b>2.2 Ms. Kobkul Panyapol*</b>	111,459,420	10.13

Major shareholder list	On the latest shareholder book closing date December 9, 2014	
	Share amount	ratio (percent)
3. Lady Pattama Leesawatrakul	39,965,530	3.63
4. ThaiNVDR co.,Ltd.	33,940,700	3.09
5. HSBC(SINGAPORE)NOMINEES PTE LTD	28,951,500	2.63
6. Bualuang long-term equity fund	25,536,900	2.32
7. JPMORGAN THAILAND FUND	22,229,900	2.02
8. CHASE NOMINEES LIMITED	17,515,400	1.59
9. Pailee group	13,582,525	1.23
9.1 Police major general Sakol Pailee	7,091,720	0.64
9.2 Police general Thawatchai Pailee	3,180,455	0.29
9.3 Ms.Renumas Pailee	1,103,450	0.10
9.4 Ms.Thittayapon Pailee	1,103,450	0.10
9.5 Mr.Sermpol Pailee	1,103,450	0.10
10. Amornpitakkul group	12,290,015	1.12
10.1 Mr.Yanyong Amornpitakkul*	5,543,325	0.50
10.2 Doctor Tanet Amornpitakkul	1,868,510	0.17
10.3 Mr.Samol Amornpitakkul	3,397,240	0.31
10.4 Ms.Anchalee Amornpitakkul	1,480,940	0.13
11. Other shareholders	240,792,875	21.89
<b>รวม</b>	<b>1,100,000,000</b>	<b>100.00</b>

**Note :** \* Company director

On the latest shareholder book closing date on December 9, 2014 The 1st shareholder has considered a relationship with 2nd – 11th shareholders as was declared above, and confirmed they are not related person according to The Securities and Exchange Commission's notice serial no. GJ. 17/2551 on determination of the definitions in the declaration on issuing and offering of assets and they are not the shareholders under the same authority or the same group as major shareholder, and no relationship as nominee.

## Other asset issued

None

## Dividend payment policy

The company has a policy on paying dividend no less than 50 percent of net profit from the company's consolidated financial statement after legal reserve and other reserve has been deducted. Dividend payment may change as of considered appropriate depends on operating result, business growth investment plan, financial status, liquidity, and other necessity in the future. In order to consider annual dividend payment of the company, a consent of shareholder council is required except for interim dividend payment which the company directive committee has the authorization to approve the payment and report to the shareholder council in the next meeting for acknowledgement.

Subsidiary companies of the company have dividend payment policy for no less than 50 percent of net profit from the subsidiary company's consolidated financial statement after legal reserve and other reserve has been deducted. Dividend payment mentioned may change as of considered appropriate depends on operating result, cash flow, business growth investment plan, financial status, terms and conditions in various contracts that the company is legal binded, and future necessities.

Year	2012	2013	2014
Net profit (million bahts)	335.01	414.38	480.69
Share amount	880,000,000	1,100,000,000	1,100,000,000
Dividend* (Baht per share)	0.38	0.27	0.30
Total dividend paid (million bahts)	331.35	297.00	330.00
Dividend paid to net profit ratio *	99%	72%	69%

**Note\*** Calculated from interim dividend and annual dividend paid from operating result of each year.

## Administrative structure

### Board of director

Details on board of director as of December 31, 2014 :

Name of director	Position	Board Meeting attended / Number of all meeting over a year	Audit Committee Meeting attended / Number of all meeting over a year
		Year 2014	Year 2014
1 Mr. Kriengsak Plussind*	President	6/6	
2 Dr.Kumpol Plussind*	Director and Chief Executive Officer/Managing Director	6/6	
3 Mr.Apirum Panyapol*	Director	6/6	
4 Dr.Wichit Siritattamrong*	Director	6/6	

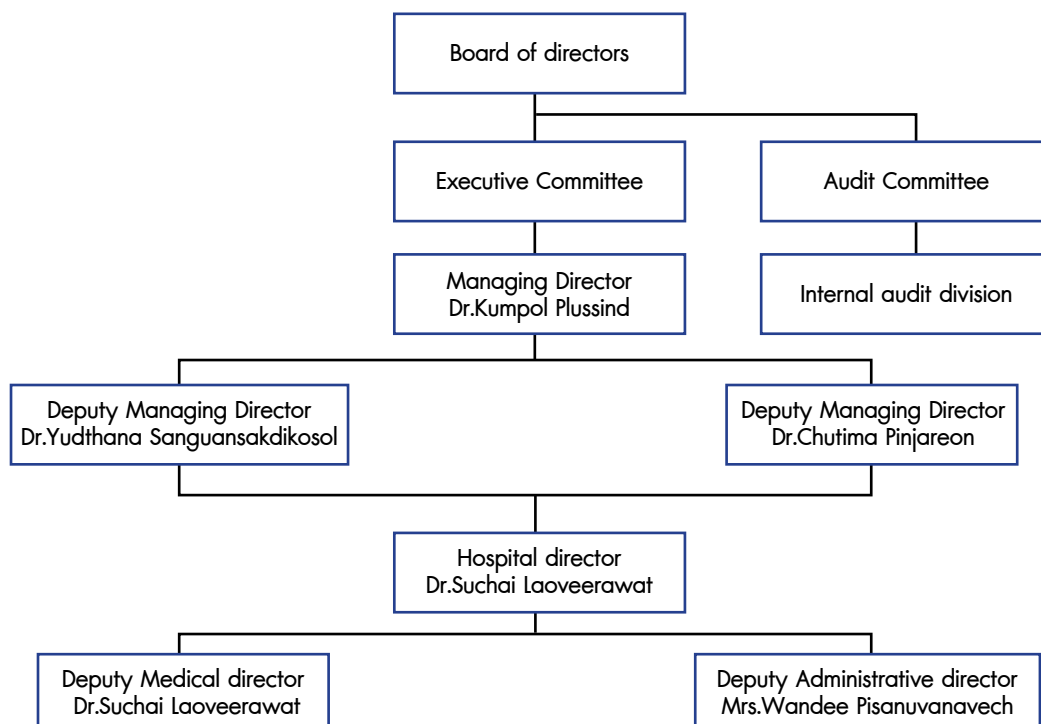
Name of director	Position	Board Meeting attended / Number of all meeting over a year	Audit Committee Meeting attended / Number of all meeting over a year
		Year 2014	Year 2014
5 Dr.Suchai Laoveerawat	Director	6/6	
6 Mrs.Kobkul Panyapol	Director	6/6	
7 Mr.Yanyong Amornpitakkul	Director	6/6	
8 Miss Kannikar Plussind	Director	6/6	
9 Mr. Manit Jeeradit	Chairman of the Audit Committee and Independent Director	6/6	5/5
10 Mr. Somyos Yan-ubol	Audit Committee and Independent Director	6/6	5/5
11 Mr. Chayawat Pisessith	Audit Committee and Independent Director	6/6	5/5
12 Associate Professor Dr.Pinit Kullavanijaya	Independent director	6/6	

**Note:** \* The Director is authorized to sign on behalf of the Company.

Dr. Kumpol Plussind Mr.Kriengsak Plussind Dr.Wichit Siritattamrong and Mr. Apirom Panyapol two directors of the four sign together. And seal of the company

## Administrator

The management structure of the Company as at 31 December 2014.



As at December 31, 2014, the Company's executive 6 members.

Name of director	Position	Board Meeting attended / Number of all meeting over a year
		Year 2014
Dr.Kumpol Plussind*	Chairman of Executive Committee and Chief Executive Officer /Managing Director	12/12
Dr.Yudthana Sanguansakdikosol	Deputy Managing Director And Director of Chularat 9 hospital	12/12
Dr.Chutima Pinjareon	Deputy Managing Director And Director of Chularat 11 hospital	12/12
Dr.Suchai Laoveerawat	Director of Chularat 3 hospital and Deputy Medical director	12/12
Mrs.Wandee Pisanuvanavech	Deputy Administrative director	12/12
Mrs. Prakong Wijakkanodom	Accounting manager	12/12

**Note :** Details of directors and administrative personnel are in line with attached document no.1

## Company secretary

The company's board of director made a resolution for Mrs.Wandee Pisanuvanavech to take a position of the company secretary, effect from November 30, 2012 by the resolution of the board of director meeting no. 7/2012 dated November 30, 2012 and was bestowed a scope of authority and responsibility as follows : Give initial consult to directors involving actions that comply with the law, rules, regulations, and principles of the company and keep monitoring for a regular basis for correct practice. Take a responsibility on disclosure of data and information records in line of duty in agreement with rules and regulation of the stock exchange of Thailand and Securities and Exchange Commission (SEC). Compile and keep following documents

1. The registration log on committee
2. Meeting invitation for the board of director and the board of director meeting report
3. Meeting invitation for shareholders and shareholders' meeting report
4. The company's annual report
5. Report to stakeholders of directors and administrative members

Qualifications of secretary are shown in attached document no.1

## Compensation for directors and administrative members

### (1) Compensation in cash

Compensation for directors Consists of meeting allowance which was paid based on number of the meeting joined, as follows; Qualifications of secretary are shown in attached document no.1



(unit: baht)

Name list	Position	Compensation for director in 2013			
		Board director	Audit committee	Bonus	Total
1. Mr. Kriengsak Plussind	President	180,000	-	200,000	380,000
2. Dr.Kumpol Plussind	Director and Chief Executive Officer / Managing director	120,000	-	200,000	320,000
3. Mr. Apirum Panyapol	Director	120,000	-	200,000	320,000
4. Dr.Wichit Siritattamrong	Director	120,000	-	200,000	320,000
5. Dr.Suchai Laoveerawat	Director	120,000	-	200,000	320,000
6. Mrs. Kobkul Panyapol	Director	120,000	-	200,000	320,000
7. Mr.Yanyong Amornpitakul	Director	120,000	-	200,000	320,000
8. Ms. Kannikar Plussind	Director	120,000	-	200,000	320,000
9. Mr. Manit Jeeradit	Chairman of the Audit Committee and Independent Director	120,000	150,000	200,000	470,000
10. Mr. Somyos Yan-ubol	Audit Committee and Independent Director	120,000	100,000	200,000	420,000
11. Mr. Chayawat Pisetsith	Audit Committee and Independent Director	120,000	100,000	200,000	420,000
12. Associate Professor Dr.Pinit Kullavanijaya	Independent Director	120,000	-	200,000	320,000
Total		1,500,000	350,000	2,400,000	4,250,000

### Administrative member's compensation

In 2014 the company paid a compensation that included salary and bonus to five members of administrative personnel for the total amount of 11.45 million bahts, moreover, the company paid them a compensation consisted of Doctor fee to 4 members of administrative personnel for the total amount of 29.32 million bahts

**Note:** Accounting manager was excluded from five members of administration team in 2014 because the manager position is not at the same level as the forth administrative member.

### (2) Other compensation

#### Other compensation for directors

The Company does not pay compensation to directors.

#### Other compensation for administrative personnel

- Provident fund

The company provided a provident fund for administrative personnel by associate into a salary at 3 percent of the salary, in which, in 2014 the company paid provident fund allowance for five members of administration team, overall 0.32 million bahts

Moreover the company has a policy on paying other compensations for administrative personnel, which are company car, company mobile phones, including expense related to company car and mobile phone, e.g. petro bills and monthly bills, for example.

## Personnel

The company has total 2,575 employees, in 2014 the company paid a compensation to employees with an overall amount of 370.82 million bahts. Compensations consisted of salary, overtime wages, living expense subsidy, bonus, special subvention, social security, and provident fund allowance. Furthermore, subsidiary companies are paying their compensations to their employees with the same criteria as the main company with total amount 342.34 million bahts

### Number of employee and compensation

On December 31, 2014	Chularat hospital public Co., Ltd. 31, 2014	Convenience hospital Co., Ltd.	Bangpakong Vejjakij Co., Ltd.	Cholvaej hospital Co., Ltd.	Total
Residency doctor	44	35	24	2	105
Overtime doctor	168	95	69	35	367
Nurse	460	298	176	19	953
Phamacist	14	16	7	-	37
Radiological technologists	6	3	3	-	12
Medical technologists	11	9	7	1	28
Other employees	560	258	215	40	1,073
<b>Total (individuals)</b>	<b>1,263</b>	<b>714</b>	<b>501</b>	<b>97</b>	<b>2,575</b>
Employee's compensation (million bahts)	370.82	195.01	128.55	18.78	713.16

The company has increased the number of doctors and staff. Plans to expand the service area. At the project include projects Chularat 3 hospital project service area Chularat 9 hospital and project building Chularat 11 hospital to be completed in 2015 and 2016 with the year 2014, the company has increased its investment Cholvaej hospital company Ltd.

## Detail on the company's directors and controlling persons of the Company as of 31 December 2014 are as follow

Director's Information		1	2	3	4	Related Companies										13	14-15	14
Name	Company	Convenience Hospital	Bangpakong Vejjakij Hospital	Chularat Arkanay Hospital	Thai Amdon	Ilcon	Panyapol Interholding	Samonkit	Stell Link International	Semeth	SML Consult and Account Service	Esco-Thai	Moong Pattana International	Kingmain CMTI	Phupa Chumthong			
1 Mr.Kriengsak Plusind	X	/	/	/	/	/, M												
2 Dr.Kumpol Plusind	/, C, M	X	X	X	/	/												
3 Mr.Apirum Panyapol	/	/	/	/			/	/	/	/, M								
4 Dr.Wicht Sirittamrong	/	/	/	/														
5 Dr.Suchai Laoveerawat	/, //, ///	/	/	/														
6 Mrs.Kobkul Panyapol	/						/	/	/	/								
7 Mr.Yanyong Anornpitakul	/										/							
8 Ms.Kannikar Plusind	/											/						
9 Mr.Marit Jeeradit	/, AC												/, AC					
10 Mr.Chayawat Plessith	/, AC													/				
11 Mr.Somyos Yan-ubol	/, AC														/			
12 Associate Professor Dr.Pinit Kulavanijaya	/																	
13 Dr.Yudthana Sangsueksakikosol	//, ///																	
14 Dr.Chulima Pincharean	//, ///																	
15 Wandee Pitsanuvadech	///																	
16 Prakong Wichakanodom	///																	

**Note :** X is Chairman, C is Chief Executive Director, AC is Audit Committee, / is Director, // is Managing Director, /// is Executive Director, M is Managing Director



โรงพยาบาลจุฬารัตน์ 3



โรงพยาบาลจุฬารัตน์ 9



โรงพยาบาลจุฬารัตน์ 11

# Corporate Governance

## Corporate Governance Policies

The Company's policy is to follow the Code of Best Practice to reinforce transparency and be beneficial to the business operations of the Company, resulting in causing confidence of shareholders, investors and all parties concerned. The Board of Directors has defined the principles of corporate governance which are the guidelines of good corporate governance as set by the Securities and Exchange of Thailand. The principles of corporate governance of the Company cover 5 categories as follows:

### 1. The Rights of Shareholders

The Company acknowledges the importance of all shareholders' rights, including major and minority shareholders. Shareholders' rights include basic as investors and as owners of the Company, such as rights to buy, sell, transfer their shares; right to receive dividends from the Company; rights in shareholders' meetings; right to receive comprehensive, sufficient and timely news and information through easily accessible channels; rights to express their opinions; rights to participate in making decisions on important issues, such as election of election of direction, approval of important transactions that affect the direction of the business and operation of the Company, amendment of memorandum of association and articles of association of the Company.

In 2014, the Company has implemented the following to encourage and facilitate the exercise of shareholders' rights in the annual general meeting of shareholders:

1. The Company gives shareholders the right to propose important and appropriate issues for incorporation as an agenda in the Company's annual general meeting of shareholders and to nominate candidates with appropriate knowledge, abilities and qualifications to be considered for the position of the Company's director in advance before the annual general meeting of shareholders. Shareholders can find details of the criteria and guidelines on the Company's website.
2. The Company sends invitation letters to shareholders in advance to inform them of the meeting agendas which include opinion of the Board of Directors on each agenda item, together with supporting documents and information sufficient to facilitate shareholders in making their decisions. In marking their decisions. In addition, the invitation letter package includes details of required documents in order to protect shareholders' rights to attend the shareholders' meeting, together with their rights to vote. Moreover, the invitation letter to the shareholders' meeting is disclosed on the Company's website. For annual general meeting of shareholders, the invitation letter is posted on the website 30 days prior to the meeting date in 2015. (In 2014 posted on 14 days)
3. For those shareholders unable to attend the meeting, these shareholders have the right to authorize a person or an independent director as their proxy to attend the meeting and vote on their behalf, using one of the proxy forms sent with the invitation letter. Moreover, shareholders can download the proxy form from the Company's website.
4. The Company implements the barcode system for registration and the voting process, including the use of voting cards. This helps accelerate and ensure the accuracy of the registration and vote counting process. In addition, shareholders are able to register after the meeting has started to exercise their rights to vote on agendas that have not been voted. Upon completion of the meeting, shareholders are able to verify the details.
5. Before going into each agenda, the Chairman of the Board of Directors, Who acts as chairman of the meeting, assigns the Company Secretary to inform the meeting of the voting process for each agenda. During the meeting, the chairman of the meeting gives all shareholders the opportunity to comment, ask question or give opinions and suggestions on any agenda item. The Chairman and management see the importance of every question and give precise and clear answers.

6. The Company Secretary records minutes of the shareholders' meetings which are correct and complete, with details on voting results of each agenda. In addition, the minutes are sent to the Stock Exchange of Thailand and posted on the Company's website within 14 days after the meeting date, so that shareholders are promptly informed and are able to verify.

## 2. The Equitable Treatment of Shareholders

The Company is strongly committed to equitable treatment of every shareholder, whether they are major or minority shareholders, institutional investors or foreign shareholders, and created various mechanisms, such as:

1. The Company provides a channel for minority shareholders to propose issues deemed important and appropriate to include in the agenda of the Company's annual general meeting of shareholders and to nominate candidates with appropriate knowledge, abilities and qualifications to be considered for the position of the Company's director. The announcement has been made through the Stock Exchange of Thailand and the Company's website. Independent directors will consider and propose the matter to the Board of Directors to be included in the meeting agenda as appropriate.
2. For shareholders who are unable to attend the shareholders' meeting, the Company provides proxy forms which allow shareholders to specify their vote on each agenda. The proxy forms, which are in accordance with the format provided by the ministry of Commerce, are sent with the invitation letter. As an alternative for shareholders, the Company also propose one independent director as the proxy.
3. The shareholders' meetings proceed according to the order of the agenda, without adding new and uninformed agenda, in order to give the opportunity to shareholders to study the information on the given agenda before making decision. Moreover, there are no change to the important in the shareholders' meeting.
4. The Company sees the importance of the consideration on transactions which may have conflict of interest or may be connected or related transactions, and abides by good corporate governance principles, including rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. For these transactions, directors, management and those who are related persons do not participate in the consideration to approve such transactions.
5. The Company provides oversight and control to prevent improper use of inside information. Details can be found in section: Internal Control and risk management. In addition, directors and management of the Company must report the purchase or sale of the Company's securities to the Securities and Exchange Commission and the Company within three business days.

## 3. The Role of Stakeholders

The Company recognizes its responsibilities towards each stakeholder, for sustainable mutual benefits which will lead to stability of the business operations. The Company intends to interact with each party fairly. The important stakeholders of the Company are as follows:

**Shareholders:** In addition to the basic rights, rights in accordance with the laws and the Company's articles of association, such as rights to check number of shares, rights to receive share certificates, right to attend and vote in shareholders' meetings, rights to express opinions independently at shareholders' meetings, and rights to receive fair returns, the Company also provides equal and timely information to all shareholders, and gives all shareholders the right to suggest and express their opinions independently on the Company's business and operations in shareholders' meetings, as the Company's owners.

**Customers/Patients:** The Company provides patient care in an ethical manner, and at the best passible quality, taking into consideration patient safety, patients' satisfaction and efficiency in providing its services. The hospital's Medical Ethics Committee protects patients' rights. In addition, the Company has a department to take customer complaints and to monitor and continuously improve the quality of the care provided to all patients, taking into consideration patients' needs and suggestions. In addition the Company has measured the level of satisfaction of the client / patient. To the hospital The objective is to develop and improve the system and quality of service.

**Employees:** The Company believes that its employees are valuable resources and therefore gives all employees equal opportunity in their employment. The Company has the policy to provide employees with appropriate compensation and appoints a welfare committee to oversee the well-being and safety of its employees. The Company also provides an individual development plan (IPD) for each employee, as well as continuous education and regular training programs to develop and reinforce employees' knowledge, abilities and skills in all areas including operations, management and technical expertise, in order for employees to fulfill their jobs more effectively. Furthermore, the Company holds Town Hall Meetings to provide opportunities for employees to voice their opinions or complain directly to management, implements an Innovation Program where employees are able propose suggestions to improve work process and services, and has an employees' recognition program to increase employees' morale. The Company believes that work efficiency is a result of employees' loyalty to the Company, and is therefore committed to continuously build and assess the employees' engagement with the Company, in order to improve its human resources management.

**Suppliers/Contractors:** The Company has a purchasing policy that is fair to all parties concerned. In addition, the Company abides by the terms and conditions of agreements and contracts with all suppliers and contractors and ensures timely payment to all suppliers and contractors.

**Creditors:** The Company is committed to giving information with accuracy and transparency to creditors, abides by loan agreements and loan covenants, and ensures timely payments. The Company believes that good relationships with creditors, including building credibility and trust, are a responsibility of the Company towards its creditors.

**Competitors:** The Company competes with competitors within the rules and regulations, and treats competitors fairly and with integrity. The Company focuses on competition in the area of quality and efficiency of service for the best benefit of customers and patients.

**Community:** The Company has delegated to the agencies responsible for the CSR (Corporate Social Responsibility) to oversee and guide the project to the society. Both at the corporate level And the staff to be very effective. Description CSR activities. Can learn more on the topic of social responsibility.

## 4. Disclosure and Transparency

The Company realizes the importance of disclosing information which is significant for shareholders and investors in making their decisions. The Company has a policy to disclose information which is transparent, complete, reliable and timely, through various channels which are easily accessible, in order for shareholders and investors to conveniently obtain the disclosures. The Company also ensures it abides by the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Information disclosed to the public includes both financial and non-financial information, such as financial statements, management discussions and analysis, the report of the accountability of the Board of Directors to the Company's financial reports, the report of the Audit Committee, connected transactions, structure, duties and responsibilities of the Board of Directors and committees, including statistics on meeting attendance, and corporate governance reports.

The Company has many channels to communicate with shareholders and investors. These include those stipulated by rules and regulations, such as the 56-1 filing form, annual reports, the website of the Stock Exchange of Thailand, and other communication channels, such as the Company's website in the Investor Relations section, which are consistently updated, in both Thai and English, quarterly analyst meetings (fourty times in 2014), road shows and investor conferences, both in Thailand and overseas, including Singapore and Hong Kong and Malaysia and Japan (12 times in 2014) and investor meetings and conference calls (20 times in 2014). In addition, the Company holds press conferences to update important events of the Company, in order to disseminate information to the public.

Furthermore, the Company has Company Secretary and Investor Relations Department to facilitate interested investors and shareholders. Information can be requested by phone at 02-769-2900 to 304, by e-mail at [ir@chularat.com](mailto:ir@chularat.com), or through the Company's website, [www.chularat.com](http://www.chularat.com).



## 5. Responsibilities of the Board of Directors

### Structure of the Board of Directors

The Board of Directors is comprised of qualified directors with extensive experience in various fields. Every director participates in setting the Company's vision mission, strategies, goals, business plans and budgets. The Board of Directors also ensures that the plans are carried out efficiently and effectively by the management, to ensure the maximization of the Company's value and stability to shareholders. The Board of Directors meets two months to review the management's report on the Company's operations.

As at 31 December 2014, there are 12 directors, as follows:

1. Non-executive directors: Six non-executive directors, which are Mr.Kriengsak Plussind, Mr.Apirum Panyapol, Dr.wichit Siritattamrong, Ms.Kannikar Plussind, Mrs.Kobkul Panyapol, Mr.yanyong Amornpitakkul.
2. Executive directors: Two executive directors, including Dr.Kumpol Plussind, Dr.Suchai Lawveerawat
3. Independent directors: Four independent directors who possess the qualifications as stipulated by the Securities and Exchange Commission, comprising Mr.Manit Jeeradit, Mr.Somyos Yan-ubol, Mr.Chayawat Pisessith, Associate Professor Dr.Pinit Kullavanijaya

At present, the four independent directors account for 33.3% of total Board of Directors and more than one-third of the Board of Directors, and will be in accordance with the Securities and Exchange Act (No.4) B.E. 2551.

Separation for companies define the roles and responsibilities of the Board of Directors and senior management clearly. The Board of Directors is responsible for policy and oversight of the operations of the executive in policy. Served as executive management of the company in the future. According to the policy. Thus, the Chairman And the President is not the same person is not the Chairman of the executive committee. And is not involved in the management of the company. The senior management of the company will be tasked with the responsibility of implementing the business plan and policies are defined. And control costs and investments by the Board approves the annual budget. Directorship in other listed companies: Company allows directors and executive officers of the Company to act as directors of other companies, including companies that are listed on the Stock Exchange of Thailand. Unlimited number of companies, but let's consider the allocation of sufficient time to perform and must not serve as a director. Or executives in businesses nearby or are in competition with the business of the Company, the Company's directors, as well as other companies with up to 5 companies and the majority of the boards of directors of subsidiaries and affiliated companies. the Company Can serve as a director In other company has And must not serve as a director in the neighborhood, or are in competition with the business of the Company. And such positions must be approved by the Board of Directors before.

Company Secretary: The Board of Directors has appointed Mrs. Wandee Pisanuvanavech Company Secretary. In order to oversee and manage the meetings of the Board of Directors and Committee subcommittees. The Shareholders' Meeting Including the preparation of the board of directors. Minutes of the meeting Annual report And documents required by the law also gives advice to the Board of Directors and the management on matters relating to the companies listed on the Stock Exchange of Thailand. And corporate governance of the company

## 6 Sub-Committee

The management structure of the Company consists of 3 major committees i.e. the Board of Directors, the Management Board and the Audit Committee. The Board of Directors and management comprise of individuals qualified under Section 68 of the Public Companies Act 1992 and the related Notification of the Capital Market Supervisory Board. The stated committees have duties and responsibilities as follows:

The Board of Directors

**The Board of Directors as of 31 December 2014 comprises of 12 directors as follows:**

Name	Position
1. Mr.Kriengsak Plussind	President
2. Dr.Kumpol Plussind	Director and Chief Executive Officer/Managing Director
3. Mr.Apirum Panyapol	Director

- |                                                |                                                      |
|------------------------------------------------|------------------------------------------------------|
| 4. Dr.Wichit Siritattamrong                    | Director                                             |
| 5. Dr.Suchai Laoveerawat                       | Director                                             |
| 6. Mrs.Kobkul Panyapol                         | Director                                             |
| 7. Mr.Yanyong Amornpitakkul                    | Director                                             |
| 8. Ms.Kannikar Plussind                        | Director                                             |
| 9. Mr.Manit Jeeradit                           | Chairman of Audit Committee and Independent Director |
| 10. Mr.Somyos Yan-ubol                         | Audit Committee and Independent Director             |
| 11. Mr.Chayawat Pisessith                      | Audit Committee and Independent Director             |
| 12. Associate Professor Dr.Pinit Kullavanijaya | Independent Director                                 |

Ms. Wandee Pisanuvanavech is the Company Secretary and the Secretary of the Board of Directors.

**Note:** Details of Director as in Attachment 1

## Authorized Director

The Authorized Directors comprise of Mr. Kriengsak Plussind, Dr. Kumpol Plussind, Dr.Wichit Siritattamrong and Mr. Apirum Panyapol. Two out of four can co-signs with the affixation of the company's seal.

**Duties and responsibilities of the Board of Directors** according to the resolution of the Extraordinary General Meeting of Shareholders No. 2/2004 on 25 June 2004.

1. Arrange Annual General Meeting of shareholders to be within 4 months after the end of the accounting period of the company.
2. Arrange a meeting of the Board of Directors at least once every 3 months.
3. Arrange a balance sheet and income statement of the Company as at the end of the accounting period of the company which the auditor already audited and present to the shareholders for approval.
4. The Board of Directors may authorize a director or any other person or persons to operate any duty of the Board of Directors under the control of the Board of Directors or may delegate authority to such persons as the Board of Directors deems appropriate and within the Board's discretion. The Board of Directors may revoke or amend the power of attorney or the person receiving it when appropriate.

The Board of Directors may authorize the executives to have the authority to perform various tasks which the scope of the authorization of the executive. The authority shall not authorize the executive to be able to consider and approve transactions made with the Board of Directors or individuals that may have a conflict of interest or conflict of any other benefits for the company or its subsidiaries, unless the approval is in accordance with the policies and guidelines that the Board of Directors already approved.

5. Set goals, framework, policies, plans and budgets of the Company and monitor, control, oversee and manage the operations of the Management Board to be in accordance with the policies that have been assigned. Except the following matters that the Board of Directors needs to get approval from shareholders before implementing such a matter determined by law that it needs to be approved in a meeting of shareholders, e.g. recapitalization, reducing capital, issuing debentures, sale or transfer all or a substantial part of the Company to any other person, the purchase or acquisition of another company and the amendment or regulations, etc.

Moreover, the Board of Directors also has the duties to oversee the company to be in compliance with the Laws relating to the Securities and Exchange such as the related transaction and the purchase or sale of significant assets under the rules of the Stock Exchange of Thailand or laws relating to the Company's business.

6. Consider the structures of management and appointment of the Board of Directors and other committees as appropriate.
7. Track performance according to plan and budget consistently.

8. Not engage in any business which has the same nature and in competition with the business of the Company or be a partner in a partnership with unlimited liability in a limited partnership or a director of a private company or any other company operating business which has the same nature of the Company and in competition with the business of the Company, whether doing it for own benefit or for the benefit of others, unless stated to the shareholders prior to their appointment.
9. Notify the Company immediately if there is any interest, direct or indirect, in a contract made by the Company or hold increase or decrease shares or other securities in the Company or its affiliates.

## Term of office

In each Annual General Meeting, Directors must retire from office at least one -third. If the number cannot be divided into three parts, the number nearest to one- third must retire. The directors to retire in the first and second years following the registration of the company shall be defined by random drawing. The later years, the directors who are in office the longest shall retire, however, the directors to retire by rotation maybe re-elected.

## Management Board

As of 31 December 2014 the Company has 6 executives as follows:

Name	Position
1. Dr. Kumpol Plussind	Chief Executive Officer/Managing Director
2. Dr. Yudthana Sanguansakdikosol	Deputy Managing Director and Chularat 9 Hospital Director
3. Dr. Chutima Pinjaroen	Deputy Managing Director and Chularat 11 Hospital Director
4. Dr. Suchai Laoveerawat	Chularat 3 Hospital Director and Deputy Medical Director
5. Mrs.Wandee Pisanuvanavech	Deputy Management Director
6. Mrs.Prakong Wijakkanodom	Accounting Manager

Mrs. Wandee Pisanuvanavech is the Secretary of the Management Board

**Note:** Details of Director as in Attachment 1

**Duties and responsibilities of the Board** according to the resolution of the Shareholder's Meeting No. 1/2004 on 27 August 2004.

1. Operate and manage business and affairs of the Company according to objectives, Articles of Association, policies, rules, regulations, orders and resolutions of the Board of Directors and/or resolutions of the shareholders of the Company in all respects.
2. Set policies, directions, business strategies, financial plan, budget, human resource management, Information technology investment, and public relations activities to present to the Board of Directors for approval.
3. Appoint and supervise the operation of the working group appointed to meet the policies and the set goals.
4. Consider the allocation of the annual budget proposed by the management before present to the Board of Directors for consideration and approval.
5. Approve Capital Expenditure payment in an amount not to exceed 5 million baht for each transaction.
6. Approve spending in major investments that have been defined in the annual budget as assigned by the Board of Directors or has been already approved in principle.
7. Approve loans Acquisition, financing or any loan application in an amount not to exceed 5 million baht for each item.
8. Consider the profit and loss statements, dividend or interim dividend proposals to present to the Board of Directors for approval.
9. Define organizational structure, corporate management, including appointing, hiring, assigning, transferring, setting wages, setting commissions, setting bonuses of employees and management level that is non-executive and termination.

10. Authorize a director or any other person or persons to operate any duty under the control of the Management Board or may delegate authority to such persons as the Management Board deems appropriate and within the Board's discretion. The Management Board may revoke or amend the power of attorney or the person receiving it when appropriate.
11. Perform any other duties according to the Board of Directors from time to time.

The power of the Management Board shall not include the right to approve transaction that may have a conflict of interest or any transaction that the Management Board may gain interest in any other manner or inconsistent with the Company or its subsidiaries under the laws of the Stock Exchange of Thailand. The approval of such transactions must be presented to the Board of Directors and/or shareholders' meeting to approve the transaction according to the regulations of the company or relevant laws.

Other than what mentioned above, the Management Board is not permitted, unless it has been assigned by the Board of Directors from time to time.

## Term of Office

The term of Executive Directors is 3 years; the Executive Director who retires by rotation may be re-elected to the position again.

## Audit Committee

As of 31 December 2014, there are 3 audit committee members as follows:

Name	Position
1. Mr. Manit Jeeradit	Chairman of Audit Committee and Independent Director
2. Mr. Somyos Yan-ubol	Audit Committee and Independent Director
3. Mr. Chayawat Pisessith	Audit Committee and Independent Director

Both Mr. Manit Jeeradit and Mr. Somyos Yan-ubol have knowledge of Accounting and Finance and Mrs. Jirawassa Rojanapradit is the Secretary to the Audit Committee.

**Note:** Details of Director as in Attachment 1

**Duties and responsibilities of the Audit Committee** according to the resolution of Board of Directors' Meeting No. 3/2012 on 20 July 2012

1. Review financial report of the Company to be accurate and adequate.
2. Ensure that the Company has a system of internal control and internal audit which are appropriate and effective and consider the independence of the internal audit as well as approve the appointment, transfer and dismissal of the head of internal audit or any other agency responsible for internal audit.
3. Review the company to be in compliance with the laws regarding the Securities and Exchange, regulations of the Stock Exchange of Thailand or laws relating to the business of the Company.
4. Nominate individuals to serve as independent auditors of the Company and propose the remuneration of the auditor and attending meetings with the auditors without management in attendance at least 1 time per year
5. Consider related transactions that may have conflict of interest in accordance with the laws and regulations of the Stock Exchange of Thailand to ensure that they are reasonable and beneficial to the company.

6. Prepare a report of the Audit Committee to be disclosed in the annual report of the Company. Such report must be signed by the Chairman of the Audit Committee and must contain at least the following.
  - Comments about the accuracy, completeness and reliability of the financial reports of the Company.
  - Comments on the adequacy of internal controls of the Company.
  - Comments on the compliance with the Laws regarding the Securities and Exchange or the laws relating to the business of the Company.
  - Comment on the appropriateness of the auditor.
  - Comment on the transactions that may have conflict of interests.
  - The number of meetings of the Audit Committee and the attendance of each Audit Committee Member.
  - Comments or overall remarks that the Audit Committee received from performing its duties under the Charter.
  - Any other reports that shareholders and investors should be aware of under the scope of duties and responsibilities assigned by the Board of Directors.
7. Perform any other duties assigned by the Board of Directors with the approval of the Audit Committee.

## Term of Office

The Audit Committee shall hold their position in the office for a term of three years and the Audit Committee may be appointed for the next term as the Board of Directors' approval.

## Nomination and appointment of directors and senior management levels

### Independent Directors

When the Independent Committee completed their term or there is necessarily reason to appoint an independent director, The Company's Board of Directors will discuss together to identify individuals with the appropriate knowledge and experience to benefit the company and have the below minimum criteria then present to the Board of Directors or shareholders' meeting to approve according to the Articles of Association.

The Company has a policy to appoint independent directors not less than 1 in 3 of all directors and independent directors has to be at least three persons, the Company determined the qualification of independent directors in accordance with the requirements of the Capital Market Supervisory Board . The independent directors of the Company have all qualifications as follows:

1. Hold shares not exceeding one per cent of the shares with voting rights of the Company, parent company, subsidiary, affiliate or juristic person who may have a conflict, including the shares held by related persons of the Audit Committee as well.
2. Never is or was an executive director, employee, staff, advisor who receives salary or controlling person of the Company, its subsidiaries, parent company, subsidiary, affiliate, subsidiary of same level or juristic person who may have a conflict unless it is clear from the manner for not less than 2 years before the date of filing an application to the SEC on or before the date of appointment to the Audit Committee.
3. Not a person with a blood relationship or the legal registration as a parent, spouse, sibling, children, children's spouse of executives, major shareholders, Controlling person or persons to be nominated as executive or controlling person of the Company or its subsidiaries (if any).

4. Have not or never had a business relationship with the Company, its subsidiaries, affiliates or juristic person who may have a conflict, in a manner that could interfere with their independent judgment and not being or having been a major shareholder, non-independent directors or management of those who have a business relationship with the Company, parent company, subsidiaries, affiliates or juristic person who may have a conflict. Unless it is clear from the manner for not less than 2 years before the date of filing an application to the SEC on or before the date of appointment to the Audit Committee. However, the mentioned relationship and normal transactions of business such as property's rental or lease or transactions relating to services or assets, giving or receiving financial aid by receiving or lending, guaranteeing, lending assets as collateral or any other similar activities, resulting in the Company or partner have obligations to pay to the other party from 3 percent of the net tangible assets of the Company, or from 20 million baht or more, depending on whichever is the lower. However, the value of the transaction should be calculated according to the regulations of the Capital Market Supervisory Board relating transaction regulations. To consider such debt, the total debt incurred during the year before the business relationship with the same person has to be calculated.
5. Never is or was an auditor of the Company, its subsidiaries, affiliates or juristic person who may have a conflict and not as a major shareholder, director what not independent director, executive or managing partner of the audit firm of parent company, subsidiary, affiliate or juristic person who may have conflicts, unless it is clear from the manner for not less than 2 years before the date of filing an application to the SEC on or before the date of appointment to the Audit Committee.
6. Never is or was a professional service provider whose serving includes legal counsel or financial advisor which has been paid more than 2 million baht per year from the company, parent company, subsidiary, affiliate or juristic person who may have conflicts of interest. However, in the case of the professional service provider is a juristic person, it shall not be a major shareholder, non-independent director, executive or managing partner of the professional service provider unless it is clear from the manner for not less than 2 years before the date of filing an application to the SEC on or before the date of appointment to the Audit Committee.
7. Not being a director appointed as representative of the directors of the Company, major shareholders or shareholders who are related to the major shareholders of the Company.
8. Have no business that operates with the same nature and in competition to the business of the Company's contractor or its subsidiaries or not be a significant partner in the partnership or an executive director, employee, staff, advisor who receives a regular salary or holds more than one percent of the total shares with voting rights of another company that operates business which has the same nature and in competition to the business of the Company's contractor or its subsidiaries.
9. Having not any other way that makes it impossible to comment freely about the operations of the Company.
10. Not being a director appointed by the Board to make decisions to conduct the affairs of the Company, its subsidiaries, parent company, subsidiary, affiliate, subsidiary at same level or juristic person who may have a conflict.
11. Not being a director of the parent company, subsidiary or subsidiaries of the same order; only listed companies.

The independent directors will review and approve their independent qualification at least 1 time per year and will inform their qualification with the Director's information at the end of year for the preparation of the annual statement and annual reports of the Company.

## Audit Committee

The Audit Committee was appointed by the Board of Directors. Every Audit Committee must be independent and have independent qualification according to the Notification of the Securities and Exchange Commission and the corporate governance of the Company. The Audit Committee consists of at least three independent directors and audit committee of at least one person must have accounting knowledge and/or financial knowledge to inspect and supervise the operations of the Company, including corporate financial reporting, internal control system, auditor's selection and consideration of conflicts of interest. The term of office of the Audit Committee is three years.



## Directors and senior management levels

The Company will consider the basic qualifications and the selection criteria under Section 68 of the Public Companies Act 1992 and the Notification of the Securities and Exchange Commission in accordance with the relevant law, including the consideration of other factors, such as the combination of knowledge experience relevant to the business, and having benefit to the business operations of the Company. The term of office of the Directors is three years.

The criteria and procedures are as follows:

1. The Board of Directors of the Company has duties to comply with laws and regulations, the Company's objectives, and Articles of Associations, and the resolutions of the general meeting of shareholders.
2. The Board of Directors consists of not less than 5 Directors and not less than one-half of the directors must reside in the Kingdom of Thailand. The Directors shall have the qualifications prescribed by law.
3. Board of Directors must be independent directors not less than 1 in 3 of all directors. And there are at least three independent directors who must hold not less than one percent of the total issued and paid-up share capital of the Company and related companies, including shares held by related parties.
4. In each Annual General Meeting, one-third of Directors must retire from office. If the number cannot be divided into three parts, the number nearest to one-third must retire. The directors to retire in the first and second years following the registration of the company shall be defined by random drawing. The later years, the directors who are in office the longest shall retire, however, the directors to retire by rotation maybe re-elected.
5. Before the annual general meeting of shareholders of each year, the company would allow shareholders to nominate individuals to the position of director who will retire by rotation. The committee will compile a list of nominators for consideration by the relevant rules and regulations and selection of the appropriate nominators to present for the shareholders approval.
6. The Meeting of shareholders will appoint directors by a majority vote and pursuant to:
  - A Shareholder has one vote per one share.
  - The selection of Directors, the shareholders may cast their vote individually one at a time or several people together as a group as the meeting of the shareholders may deem appropriate. But each shareholder needs to cast all their votes to one nominator, their votes cannot be split to different nominators or groups of nominators.
  - Directors should be elected by majority vote. If there is a tie, the chairman of the meeting will cast the final vote.
7. In case of vacancy for reasons other than retirement by rotation, the Nomination and Selection Committee shall nominate an individual qualified and not disqualified under the laws regarding public company limited and the Securities and Exchange Act to be appointed at the next Board of Directors' Meeting. The resolution of the Board of Directors shall consist of not less than three-fourths vote of the remaining directors, unless the term of the remaining directors are less than two months. The person who has been appointed for replacement will be in the same remaining term of the director whom he replaces.
8. The shareholders' meeting may resolve to remove any director from office before the expiration of their term by the votes of not less than three-fourths of the shareholders that present and vote in the meeting. And the shares of the shareholders are amounting to not less than one-half of the shares held by the shareholders present at the meeting and entitled to vote.

## The executive recruitment

On recruiting for the position. Managing Director or Chief Executive Officer The Executive Committee will be the primary consideration. In screening candidates with the required qualifications. Knowledge, skills and experience to benefit the operations of the company and understand the business of the company as well. And can be administered to achieve the goals set forth by the Board of Directors. And presented to the Board for approval.

## Corporate Governance of subsidiaries and associates

In the past, the nomination and voting to appoint directors for the Company's subsidiaries and associates has been arranged by the management. From 2014, the company set the regulation for nomination and voting that the Board of Directors shall approve the nomination and the voting. The persons appointed to be directors of subsidiaries and associates shall perform for the optimum benefits of the subsidiaries and associates (not for the Company). And the Company has defined that the persons shall be allowed by the Board of Directors before casting any vote that is in the same level of the matter that needs to be approved by the Board of Directors. However, the nomination for directors in subsidiaries and associates has to be according to the shareholding proportion of the Company.

Also in the case of a subsidiary. Companies require a person who is appointed to represent the company must ensure that companies comply with the law, the Securities and Exchange Commission in connection with its subsidiaries, provides complete and accurate. Including the need for a regulatory filing. And accounts of the subsidiary companies to check. And collected in the consolidated financial statements with deadlines.

## Control of Internal Information

The Company has policies and procedures to handle directors or executives who use the inside information of the company which cannot be disclosed to the public for personal gain, including securities trading as follows:

- The Company educates directors and executives about the duty to report their security holding and also the holding of their spouse and minor children to the Securities and Exchange Commission regarding Section 59 and penalty under Section 275 of the Securities Exchange Act of 1992.
- The Company assigns directors and executives to have a duty to report any changes in their security holding to the Securities and Exchange Commission under Section 59 of the Securities and Exchange Act 1992 within next 3 working days from the date of the transaction, and send copies of this report to the Company in the same day that report is sent to the Securities and Exchange Commission.
- The Company determines that directors, executives and related practitioners who get important inside information which affects the stock price shall suspend the trading of the Company's stock for a period of at least one month before the financial statements or internal information is disclosed to the public and at least 24 hours after disclosure to the public. This also includes prohibiting the disclosure of the information to others

The Company imposes disciplinary action if there is a violation of inside information used for their own benefits, starting from written warning, pay cut, temporary suspension without paid or termination, however, the punishment shall be determined by the intent of the action and the seriousness of the offense.

## Remuneration of the Auditor

### Audit fee

The Company and its subsidiaries has engaged EY Office Company Limited to audit the financial statements of each company and consolidated financial statements of the Group. The audit fee for 2014 is totaling 2.91 million baht.

### Non audit fee

The subsidiaries company has hired a firm to due diligence the Cholvaej Hospital company Limited prior to its acquisition in February 2014 is totaling 1.07 million baht.

## Compliance with the principles of good governance in other matters

Summary table of attendance of Directors on the Board of Directors in 2014

Name of Director (No. of Attendance/No. of Meetings)	Audit Committee	The Executive Board	Shareholder Meeting (AGM)
Mr.Manit Jeeradit	5/5		1/1
Mr.Somyos Yan-ubol	5/5		1/1
Mr.Chayawat Pisessith	5/5		1/1
Dr.Kumpol Plussind		12/12	1/1
Dr.Yudthana Sanguansakdikosol		12/12	1/1
Dr.Chutima Pinchareon		12/12	1/1
Dr.Suchai Laoveerawat		12/12	1/1
Mrs.Wandee Pisanuvanavech		12/12	1/1
Mrs.Prakong Wijakkanodom		12/12	1/1

# Corporate Social Responsibility

## Environmental Management

The intention that the company intends to return and help the environment, thus causing the implementation of social responsibility seriously towards sustainable growth, coupled with the business of the Company as follows;

### 1. BUSINESS ETHICS

The Company recognizes the importance of engaging with fairness in all aspects. Including the financial, the purchasing (general item, medication, medical supplies and medical equipment) and all of services in the hospital. All processes are transparent and verifiable. The company has a policy on free competition and established an agreement in order to ensure fairness to all parties in the business and has a process to evaluate customer satisfaction, quality of product and services for the maximize benefits of our customers.

In addition, The Company has defined the scope of the approval of the management of each department and the appropriate steps to prevent corruption. Meanwhile, The Company has set up a system of risk management so that all employees can submit information about an operation that is not fair to the senior management of the company.

- **Free Competitions**
  - Pharmaceuticals E-Auction.
  - The relative price of medical equipment (at least 3 companies)
- **The business contracts**
  - Service agreement
  - Lease agreement
  - Purchase and sell agreement
- **Non-infringement of intellectual property**
  - Purchasing software licenses
  - Information Systems Security Policy
- **Approval limits**
  - Reviewed for appropriate approval authority annually by the Executive Committee to anti-corruption.

### 2. ANTI-CORRUPTION

Ethics and Transparency are the core of our business operation. The Company establish the internal auditing procedure and set up several of activities to communicate with our employee as guideline for utilization to ensure that our employees has a clear understanding and a good consciousness of business ethics. To continue our good intend, The Company decide to declare our Anti-corruption policy on May 1, 2014 as followed:

# Anti-corruption Policy

Corruption is all actions are possible wrongful violation of law, ethics, including regulations or policies or use power and influence is in the company's position for personal interest so all directors, managements and employees should not engage in or encourage conduct that would be the cause of corruption.

The company has implemented the following procedure to prevent and combat all type of corrupt activities.

## 1. Announcement of anti-corruption policy

The company has announced a policy to prevent and combat corruption in all departments in the company and subsidiaries through various channels, including staff training, Intranet system to provide relevant information and practice.

## 2. Risk assessment

- The company provides an assessment of the risks that may occur in the implementation and prioritization of risk occurring to plan the audit and risk management.
- The company has an internal audit and risk assessment plan that prepare by Internal auditor who have an experienced and qualified. The auditor has able to monitoring the performance of all departments to ensure compliance laws and regulations for the efficient and transparent approach to corporate governance.

## 3. Risk control and prevention

- The company has procedures for procurement and disbursement of funds by define authorization limit in each department, cannot have authority beyond their department, and must have a clear evidence. Meanwhile, the company has established system for double check by internal auditors.
- The Company has established guidelines for charity donation including entertainment or gift of the award as part of the company's code of conduct as follow;

### Charity donation or Public contribution

Contributing or donating money to charity or the public must be made for charitable purposes only that must have a clear evidence and must be conducted in accordance with the rules and regulations of the company are defined.

### Entertainment and Receiving or giving the gift

Directors, management and employees will not give or receive gifts unnecessarily and do not receive or that the entertainment

Directors, management and employees will not give or receive gifts unnecessarily and do not receive or offer the entertainment redundancy than their status to persons or entities that do business with the company including avoid acts as an incentive or an offer or an engagement or any other improper payments to entities that do business with the company as well as the action to make incorrect, inappropriate, contrary to the transparency and fairness.

Also, if you receive a gift or prize is worth more than the normal or exceed their presence in the conventional, directors and employees should be rejected.

- The company has established an internal control system that covering financial and accounting including other internal processes related to financial and accounting to ensure that the financial transactions conform to the approved purposes and to conduct business in a transparent manner.

## 4. Risk reporting and Notification Channels

The company provides notification channels when found the violation or seen an illegal or unethical behavior that implied official corruption via a computer system with a personal access code ensuring the protection and the protection of the complaints effectively.

Type of Complaint	Notification Recipient	Notification Channel
Unlawfully acts, corruption against the company regulation and code of conduct of staff	<ul style="list-style-type: none"> <li>Deputy hospital director</li> <li>Human Resource manager</li> </ul>	deputyhospitaldirector@chularat.com hrmanager@chularat.com
The acts against code of conduct of Directors	<ul style="list-style-type: none"> <li>Chairman of the Board</li> <li>Chairman of Audit Committee</li> <li>Company Secretary</li> </ul>	chairman@chularat.com chairmanofaudit@chularat.com secretary@chularat.com
The acts against the professional conduct and ethics for medical practitioners	<ul style="list-style-type: none"> <li>Medical Director</li> <li>Hospital Director</li> <li>Managing Director</li> </ul>	medicaldirector3@chularat.com medicaldirector9@chularat.com medicaldirector11@chularat.com hospitaldirector3@chularat.com hospitaldirector9@chularat.com hospitaldirector11@chularat.com managingdirector@chularat.com
The unusual of financial report and transaction	<ul style="list-style-type: none"> <li>Chairman of Audit Committee</li> </ul>	chairmanofaudit@chularat.com
Matters that affected to reputation and image of the company	<ul style="list-style-type: none"> <li>Hospital Director</li> <li>Managing Director</li> </ul>	hospitaldirector3@chularat.com hospitaldirector9@chularat.com hospitaldirector11@chularat.com managingdirector@chularat.com

## 5. Risk management

The audit committee shall audit and verify the corporate governance of the company according to related policy or guidelines. If they found or suspected about the actions that may affect the transparency of the operations of the company, they are free to report the findings to the board of directors or the managing director to resolve the problem in time. In other hand if Director, management or employees violated company policy or unethical acts on the state of their existence. The Company will consider appropriate measures as appropriate to the individual such as the disciplinary action in accordance with the Company or the implementation of the law.

## 6. Whistleblower protection

Those who are responsible for anti-corruption of the company will have to follow the policy of confidentiality of information (name & surname) to avoid impacts that may occur with the whistleblower if those who responsible for the company's anti-corruption disclosure information of the whistleblower must be punished according to the discipline.



### 3. RESPECT FOR HUMAN RIGHTS

Human rights are the basic rights that all human beings are equal so that they can live in peace with dignity, freedom, hospitality and kindness to each other. Regardless of differences in race, color, sex, language, religion, age, physical status or healthy respect for human rights is fundamental to the management and development of human resources. The Company has a policy to staff, patients and every customer has the right to be treated equally.

In addition, "The Patients' Rights" are considered to be the one thing that is very important to companies that operate in the healthcare business. The company has set a workshop on the topic "Patients' rights" in an orientation program for new employees and the patient has been informed of their rights and responsibilities in all of service area.

### 4. FAIR LABOR PRACTICE

The Company has set guidelines for the recruitment and selection, respect and follows the law and ethics to all employees equally, without discrimination, social protection coverage to the working conditions of employees. The Company paid the wages and compensation, fairly vacation, leave, protection of women from pregnancy to birth and provides welfare services.

The Company also recognizes the importance of joy in work; The Company is providing an environment conducive to the employee. The employee can work safely and happily. We also have internal and external training to employees to enhance their knowledge on topics that match the work performed and we also has been organizing activities to foster good relationships between staff to create harmony and happiness in the workplace. In addition, the Human Resources Department has hearing problems and suggestions from the staff to the development of administration and improves the rights of employees feel that is unfair.

### 5. RESPONSIBILITIES TO CONSUMERS

According to the Company operates in healthcare services, the direct consumer of the company is the patients. The company is committed to quality, service and safety standards by the Quality management system. The Company participates in many program to audit and monitor adherence to hospital-related regulations and standard to ensure continuous improvement. The program include Hospital Standards on Patient-centered Quality Improvement Golden Jubilee Edition B.E. 2537, Health Systems Research Institute: the Institute for Health and Consumer Protection and Nation Public Health Foundation, Hospital and Health Care Standard (60th Anniversary Celebrations of His Majesty's Accession to the Throne Edition),

The Company has also received HA certification from the Institute from Hospital Quality improvement and Accreditation, Joint Commission International (JCI) and Laboratories Accreditation from Thailand Medical Technology Council. In addition, the Company also focus on providing information that is accurate and complete about the services at each for patient's understanding and participate in the consideration and make a decision by themselves before treatment to ensure that patients receive the highest satisfaction. Meanwhile, The Company has a fair marketing practices market, reasonable pricing and no propaganda

### 6. ENVIRONMENTAL CARE

The Company is an organization committed to friendly environmental implementation of environmental laws and regulations strictly. We has established a Committee of Safety Occupational and Environmental to supervise and monitor framework of safety and environment of the hospital.

Meantime, The Company still has a continuous community project and collect the result of operations from 2013 to 2014 due to the performance of the project was desirable. If the result continue in this direction, the company will reduce global warming and reduce the destruction of natural resources. Besides, the company has not abandoned the campaign and follow-up continued to have good results in the environmental preservation.

## โครงการลดปริมาณขยะ



## 7. COMMUNITY AND SOCIAL RESPONSIBILITY

### Health Promotion

#### 1. Training in basic cardiopulmonary resuscitation (CPR).

The intention of continuing to support patients with acute ischemic heart disease. The project Cardiopulmonary Resuscitation Training (CPR) that prepared by an official in 2013, it has operated continuously in 2014. The Company has issued training resuscitation to Volunteers of Sub-district Administrative Organization around Chularat Hospital Group total 8 Sub-districts and Various corporation in area total 40 corporate.

In addition, the company had established a hotline "1609" to take care of cardiac patients and emergency consultation on the issue of heart disease by a nurse who has knowledge to the public 24 hours a day. In 2014, the total of calls to the hotline 1609 for discuss heart disease patients are 65 calls that helping local and nearby the knowledge of surveillance and prevention of death in patients with heart disease.

Proud to be a part of the rescue and social development, the company has expanded the health promotion program for heart patients. Under the name "10,000 Hearts for the King", a project will begin in February, 2014 with the aim of Myocardial infarction patients with access to quality standards, lower rates of death from myocardial infarction, to save lives and improve the quality of life of people in the community.

#### 2. Screening for HBV infection for landscape

Hepatitis B is a viral hepatitis, a common and important public health problem, the patients who are carriers of hepatitis B worldwide about 350-400 million people. The countries that has high prevalence of the disease are in Southeast Asia, China and Africa, about 6 to 10 percent of the total population, or a total of 6-7 million people. In Thailand, most of cases carrier infection from mother to a child at birth and childhood immunizations are not good enough, so it is difficult to get rid of the virus. It can also be contacted by the blood, such as blood transfusion,

syringe, acupuncture or the tools that are contaminated. This virus can be detected in tears, mucus in the nasal cavity, sperms, vaginal mucosa, menstruation and amniotic fluid so it can be sexually transmitted and when they are exposed to that fluids.

The diagnosis of hepatitis B can be obtained from the liver function test especially AST, ALT. The other examination in patients with hepatitis B virus that to assess the severity of the virus and complication and treatment plan such as the HBeAg and anti-HBe test for the replication of viruses or mutation, detection of viral load (HBV DNA) for further treatment, liver biopsy to determine the severity of hepatitis and liver cancer by detecting alpha protein fetal growth (AFP) with the ultrasound liver.

### Types of patients with hepatitis

- **Carriers**, including those detected virus without symptoms and normal liver function. This group has no violence and less respond to antiviral drugs. We currently do not recommend antiviral drugs during this period except those with pathology severe from liver biopsy or who receive immunosuppressant.
- **Chronic hepatitis**, Patients with or without symptoms. PCR and liver function AST, ALT higher than normal for more than 6 months, this group is considered to antiviral therapy. When a viral load greater than 100,000 copies per milliliter and ought to Liver biopsy to determine the severity and separate from other diseases. Drugs that are used today is an Interferon for injection. There are 2 types of Conventional interferon (Intron A®) injections daily or 3 times a week and Pegylated interferon (Pegasys® and PegIntron®) injection once a week for 6-12 month. Oral drug have 3 types such as Lamivudine (Zeffix®), Adelaide Four Weir (Hepsera®) and Entecavir (Baracude®) the duration of treatment should be not less than 1 year.
- **Liver cirrhosis**, If found a virus in blood, oral drug will use in patients with liver cirrhosis and use of antiviral medicines in people who are not infected or have immunity because fewer side effects than injections. Patients will be considered liver surgery when there is an indication and no contraindication. Although antiretroviral therapy can reduce inflammation and fibrosis in the liver but not much chance to be cured and high cost. The best way to prevent the hepatitis B virus is vaccination that contain 3 times injected into the muscles of the arm on 0, 1 and 6 months.

The company recognizes the importance of creating awareness among the general public and the service. Therefore, health promotion activities on World Hepatitis Day. We provide for a blood test to check for hepatitis B infection to the public 400 person and give a first injection of vaccination for free 8 people that have no infection and no immune and introduce education for 20 person who are infected.

### 3. Cataract screening for the elderly

Cataract is a condition in which the lens (Crystalline lens) with frustration that is a major cause of blindness in the world and Thailand. Cause of blindness worldwide population in the year 2002 due to cataract 17.6 million patients, or 47.83 percent. A survey of 1994 cataract blindness causes up to 74.6 percent, and the Survey of blindness and eye disease is a major health problem in the Thailand in 2006-2007 found that cataract is the most common cause of blindness.

The most prevalence of cataract patients is maximum in the North followed by the south central and northeastern found cataract 5.77, 3.50, 3.16 and 1.69 per 1,000 patients respectively. Cataract is common in patients aged greater than or equal to 60 years 94.34 percent, mainly due to aging found 15 percent of the population aged between 52-85 years.

Cataract treat by medication, there is no guarantee that is effective in the prevention and treatment. Intraocular lenses implanted in cataract is indicated as a treatment to be effective. Lens will allow patients to see and use your eyes as usual. For the past 10 years, cataract surgery is a surgical procedure that has been done the most and Intraocular Lens Implant prosthesis is the most use nowadays.

Currently, there are many elderly that related to cataract patients. While providing treatment did not decrease the number of accumulated patients, especially in the national health care coverage. National Health Security Office (NHSO.) encourages proactive operation since 2549, making it part of the solution, but it still does not solve the problem at all.

The Company recognize the importance of this issue, we had made the honor on the occasion of The King's 87 years celebration by Chularat 11 hospital Bangpakong participated in cataract surgery for the elderly in Chachoengsao Province without charge from patients by screening cataract to the elderly in Theparak's municipality. There are 143 person screened, found the risk of cataract 40 patients and 28 patients had been treated in Chularat 11 hospital Bangpakong. The elderly patients can be brought back to live with their beloved family with clearly eyes that makes a good quality of life.

## Health Education

### 1. Health education in schools and academies

In 2014, the company had organized to educate students in schools and institutions, 6 places to strengthen health education. The content of knowledge has been selected to suit the ages by the Nursing Department, thus ensuring that students receive the knowledge that is useful and can be used in their daily lives, such as seasonal diseases, influenza, sexual transmitted disease

### 2. Health education for public

In 2014, the company had arranged to educate the public in many places such as shopping malls; Paradise Park in "Genius kid intelligent Event" by Dr. Nattapon Dhumsakulsiri in topic "How to create intelligent little", Chularat 9 Hospital; "Glaucoma and cataract" by Dr. Som Boon Panyakorn etc.

## 8. INNOVATION AND DISTRIBUTION

In healthcare business, academic excellence of medical professionals in hospital is very important. In 2014, The Company had published academic medical professionals of the company "Dr. Wichit Siritattamrong" Chief of hand and reconstructive microvascular surgery unit, maintain Surgery Specialist Hand and Microsurgery. Graduated from Siriraj medical school, faculty of medicine Mahidol University. Diploma in Orthopedic training from Pramongkutklao Hospital. The topic of publishing academic knowledge of Dr. Wichit Siritattamrong in 2014 are as follows;

March 2014	Lecture on "Management of Soft tissue coverage of the Hand" at Ramathibodi Hospital.
July 2014	Representatives lectures in Asia Pacific Federation of Reconstructive Microvascular Surgery Symposium entitled "The use of spare part in Mutilated hand Injury" in South Korea
August 2014	Lecture on "Combined Injuries - Soft tissue Management" Surat Thani Hospital.
October 2014	Speaker at conferences in Western Pacific Orthopedics Association (WPOA) entitled "The use of digital neurovascular island flap" at The Royal Cliff Beach Resort Pattaya.
October 2014	Demonstrations "Free tissue transfer surgery" at Nakornping hospital, Chiang Mai





โรงพยาบาลสุราษฎร์ธานี 3



โรงพยาบาลสุราษฎร์ธานี 9



โรงพยาบาลสุราษฎร์ธานี 11











โรงพยาบาลสุราษฎร์ธานี 3



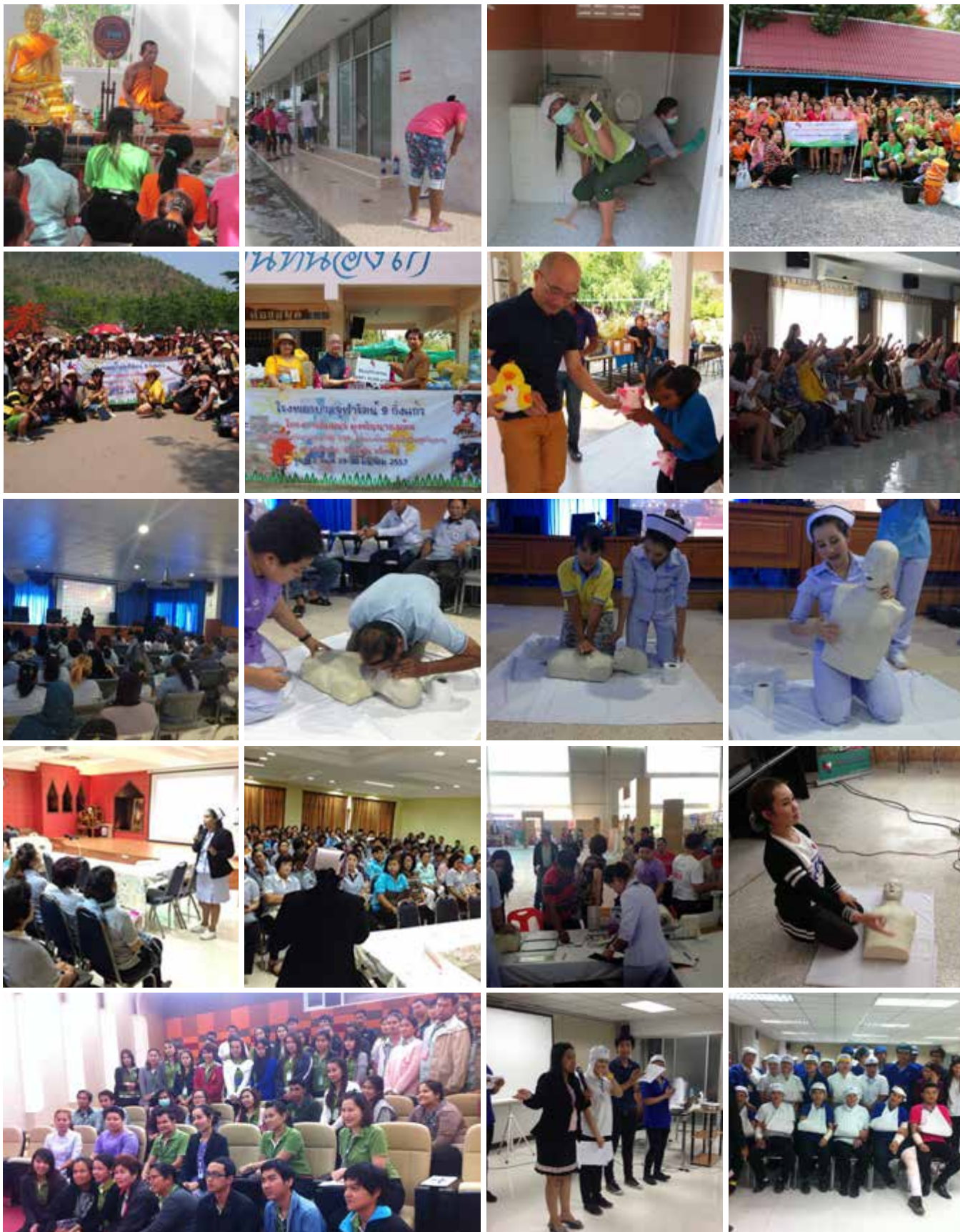
โรงพยาบาลสุราษฎร์ธานี 9



โรงพยาบาลสุราษฎร์ธานี 11







# Internal Control and Risk Management

## Overview of internal control

Board of director and administrative division have a direct duty and responsibility to arrange and maintain an internal control which covers financial control, operation, corporate governance, and risk management. Therefore, the board of director appointed an audit committee authority and duty on verification to make a correct and adequate financial report, check up to ensure that the company has an internal control and audit with performance and appropriate, make a verification on appropriate risk evaluation and risk management, verify if the securities and exchange act, the stock exchange of Thailand's rules and regulations, and law involved with the company's business has been followed by the company. Internal audit department has a duty and responsibility to make an independent assessment of internal control and for reviewing the Company to follow the present regulation of the government. At present, internal audit department has 6 employees.

The company have an internal audit to inspect works of various organizations within the company and subsidiary companies, including composing a report to present to an audit committee in every meeting. The audit committee will examine an internal audit report with the internal audit division to make a suggestion necessary for internal audit division policy improvement, and for improving internal audit system of the company. Internal audit committee will hold a meeting four times a year And in 2014 with the five meetings with preparation will make a report on internal audit committee's opinions and submit to the board of director for consideration and disclose in the company's annual report.

For overseeing subsidiary companies, the company will appoint a representative to join subsidiary companies's board of director and assign an internal audit division of the company to be in charge for examining sufficiency of an internal audit system of subsidiary companies and report to the company's audit committee to acknowledge them with various aspects to enable the company efficient inspection for subsidiary company operation.

The company made a handbook on financial allowance and authority in making an approval in writings for determine a scope of responsibility, decision authority, and issuing order according to position. The company have a policy to revise this handbook every year to make it appropriate for the future conditions in business operation.

## Statements and quarterly and annual 2014 no observations on the internal control system of accounting, finance. Note by the auditor.

The firm Ernst & Young Ltd, the audited financial statements and quarterly and annual 2557 no observations on the internal control system of accounting, finance.

## The company's internal audit department manager

The audit committee meeting on August 15, 2012 no. 1/2012 made a resolution on appoint to Mrs. Jirawassa Rojanapradit a position of internal audit division manager from August 15, 2012 onward, Mrs. Jirawassa Rojanapradit has an experience on internal audit work for ten years and was trained in programs involving internal audit operation i.e. Evaluating Internal Controls: A COSO-Based Approach (the institute of internal auditors of Thailand) and Internal Auditing Certificate Program (IACP) (Federation of accounting profession), and hold an understanding for the company's activities and operation, thus it is decided for this personnel is suitable for the mentioned duty.

According to the audit committee meeting no. 4/2014 on November 4, 2014, all three audit committee members have evaluated work result in 2014 of internal audit department manager of the company and agreed that the operation met with internal audit standard and holding a knowledge and ability to work in response with the policy about auditing operation that was assigned from an audit committee as they was assigned from the board of director.

The decision and approval on appointment dismissal and transfer of the personnel who holds a position of internal audit department manager of the company must be approved from audit committee, and internal audit division manager's specifications appears in appendix 3

# Cross Transactions

Cross transactions are issues happening during 2013 and 2014 ending on December 31, 2013 and December 31, 2014 between the company and subsidiary company and individual/juristic person with conflict of interest, the conclusions are as follows

## Conclusion details of individual and juristic person with a possibility of conflict of interest

Person/juristic person with conflict of interest and made transaction with the company and/or subsidiary companies	Character of business	Character of relationship
1. Dr.Kumpol Plussind	-	<ul style="list-style-type: none"> <li>The major shareholder of the company, at book closing date December 9, 2014, the Plussind group hold 40.08 percent of the company's share</li> <li>Holding position as a director and the Chief Executive Officer /Managing Director in the company and holding a position as director in four subsidiary companies</li> </ul>
2. Esco – Thai co., Ltd.	Electronic device importer	<ul style="list-style-type: none"> <li>Share a director with the company i.e. Miss Kannikar Plussind who is a major shareholder of the company, at book closing date December 9, 2014, the Plussind group hold 40.08 percent of the company's share</li> <li>Hold a director position of the company</li> </ul>
3. Moong Pattana International Public company Limited (Thailand).	<ul style="list-style-type: none"> <li>The company bought a bottle of milk To the hospital</li> </ul>	<ul style="list-style-type: none"> <li>Share a director with the company i.e. Mr.Manit Jeeradit</li> <li>Hold a Chairman of the Audit Committee and Independent director position of the company</li> </ul>



## Cross transactions of the company and subsidiary companies with involving individuals in the end of fiscal year at December 31, 2013 and December 31, 2014

### Commercial items and general services trades

Related individual/ juristic person	Character of cross issues	Value of issue (Million baht)		Reason and necessity	Opinion(s) of audit committee
		2013	2014		
1. Doctor who holds a director position or executive	<b>Doctor fees :</b> There is compensation in doctor fees for the board and executives of the company including concerned personnel for 7 individuals.  <b>Account payable sum at the end of fiscal year</b>	41.46  4.44	46.55  2.94	<b>Pricing determination</b> Doctor fee was based on the criteria set by royal colleges of medical doctor which equals to the payment the company paid for doctor fee to other doctors of the whole hospitals. <b>Condition terms on payment</b> Within 30 days according to normal trade condition. <b>Future transaction tendency</b> The mentioned record is the normal trade that would continuously happen in the future under normal conditions.	That record is necessary and reasonable because the company has to pay the mentioned doctor fee with equal payment rate to other doctors of the whole hospitals.
2. Esco – Thai co.,ltd.	<b>purchase cost :</b> The company bought CCTV units (Fujiko) for ensuring safety of customers and employees in car park lodge.  <b>Account payable sum at the end of fiscal year</b>	0.78  -0-	0.05  -0-	<b>Pricing determination</b> Pricing for transaction depends on market value which equals to the price when the company purchased from outsider <b>Condition terms on payment</b> referred to normal trade condition. <b>Future transaction tendency</b> The future transaction of the mentioned record depends on reason and necessity of the company under normal trade condition.	That record is necessary and reasonable, considered as normal trade record because the company has a necessity to use the mentioned goods, the price of items equals to the price when the company purchased from outsider
3. Moong Pattana International Public company Limited (Thailand).	<b>Purchase costs :</b> The company bought a bottle of milk To the hospital  <b>Account payable sum at the end of fiscal year</b>	-0-  -0-	0.13  -0-	<b>Pricing determination</b> Pricing for transaction depends on market value which equals to the price when the company purchased from outsider <b>Condition terms on payment</b> referred to normal trade condition. <b>Future transaction tendency</b> The future transaction of the mentioned record depends on reason and necessity of the company under normal trade condition.	That record is necessary and reasonable, considered as normal trade record because the company has a necessity to use the mentioned goods, the price of items equals to the price when the company purchased from outsider By considering not you Manit Jeeradit Chairman of the Audit Committee and Independent director attend.



## Lease of land and property

Related individual/ juristic person	Character of cross issues	Value of issue (Million baht)		Reason and necessity	Opinion(s) of audit committee
		2013	2014		
1. Dr. Kumpol Plussind	<b>Building rental fee :</b> The company has an expense from renting of 2 units of the commercial building with 4.5 storey, with 416 square meter utilizable area for using as a document storage for the company.  <b>Account payable sum at the end of fiscal year</b>	0.36          -0-	0.36          -0-	<b>Rental fee consideration</b> Lease agreement for 3 years, from November 1, 2012 to November 1, 2015, with rental fee 30,000 baht per month <b>Condition terms on payment</b> Lease agreement specified for the client to make an advance monthly payment, which the client has paid advance payment according to an agreement. <b>Future transaction tendency</b> The mentioned record is the transaction that will continue in the future under fair rental fee evaluation and general lease conditions.	That record is necessary and reasonable because the company needs to use the mentioned building area for document storage, and rental fee were as evaluate price by independent valuer.

The audit committee considered and agreed that the reconstruction of shareholding in the company's group was performed to achieve objective in registration into the stock market, which will strengthen the company's financial statement and will have a long term benefit to the company. The audit committee agreed that conditions of purchasing prices and conditions of transfer in above tables are reasonable.

## Measures or procedures for approving cross transaction

The company established a procedures for approval of cross transaction that agrees to the securities and exchange act and rules, announcements, court orders, or regulations of the office of securities and exchange commission and the stock exchange market of Thailand, so committee or individual who may have a conflict of interest with the company has no right to vote in the consideration on approval of that cross transaction.

## Policy or tendency on future cross transaction

For the future cross transaction, the committee will follow regulations set up, and a committee will have no right to vote for any approval of any record in which him or individual who may have conflict of interest in any case with the company involved, including the record must be disclosed to the board of director for consideration.

Moreover, in case the audit committee must give an opinion about an appropriateness of such record and the audit committee has no proficiency on making a consideration for that cross transaction record, the audit committee will arrange for an individual with special expertise, i.e. public accountant, independent asset valuer, or an individual with special expertise to make an opinion about cross transaction in which opinions of the audit committee or an individual with special expertise will brought for the board of director or shareholders for making a verdict depends on each case to ensure that the mentioned transaction will not be a transfer of benefits and interests between the company or a person with conflict of interest, but will be a transaction that the company has considered the maximum profit of every shareholders

- Normal business transaction and normal business supporting transaction which have a general trading condition i.e. service and buying and selling of commodities. The company set up a policy in cross transaction to enable conditions that agree with normal trading character in market price which comparable to the price from outsider and strictly act according to an agreement including setting up a clear and fair prices and conditions for each record, and not causing transfer of benefit. The internal audit will take a duty on data inspection and making a report for consideration by the board of director and give an opinion about appropriateness of the price and transaction in every quarter.
- Normal business transaction and normal business supporting transaction which has no normal trading conditions and other cross transaction, i.e. building rental records, and financial aid records such as loans, guarantee, for example. For these cases, the company has a policy to submit it on the board of director meeting for approval with members of audit committee joining in and give opinions about appropriateness and necessity of transaction before proceed with the transaction and that will agree to the securities and exchange act and rules, announcements, court orders, or regulations of the office of securities and exchange commission and the stock exchange market of Thailand, including following regulation about disclosing transaction data for involved records and acquirement and dispose of important assets of the company or subsidiary company (if any) and to follow accounting standard on disclosure of individual data or related activities which was appointed by the federation of accounting profession under the royal patronage of his majesty the king. The company will disclose cross transaction in financial statement including appendix note including form 56-1 and annual report

For a tendency on future cross transaction, will still exist in the normal business operation part of the company, i.e. the payment of compensation for director as doctors, drug purchasing, for example. Furthermore, in the future the company may have a necessity to give an additional support for subsidiary companies on guaranteeing loans and/or giving loans and will do the mentioned transactions with transparency and act according to the policy on cross transaction between companies and strictly correspond with regulations of Securities and Exchange Commission (SEC) and other organization involved.

# Analysis and Commentary of Administration

## Commentary and analysis of financial status and operating result

### Overview of past operating result

The company operates a business on medical service for patients. The income from hospital businesses of the company is divided into 2 categories, which are income from general patient and income from government health welfare programs. The main source of income is from general patient covering 55.3 percent, 51.0 percent, and 51.0 percent of income from hospital business operation in 2012, 2013, and 2014 respectively, owing to location advantage of the company, because it is located in the significant industrial area that lots of industrial factories are located, with dense population, and steady expansion urban growth, combined with our reputation on medical treatment quality and fair pricing policy, therefore the number of clients and income experienced steady increase. The hospital income from business operation increased from 1,863.15 million baht in 2012 to 2,221.49 million baht and 2,671.70 million baht in 2013 and 2014 respectively, or increased by 19.23 percent and 20.27 percent, respectively. The key factors behind steady growth of the company's income are

- General patient increased : The company has a policy to increase our potential for medical service by recruiting more doctors and nurses in service including expand our capability on treating diseases that need medical specialist and curing diseases with high complexity, influencing for more general patients to choose the company's treatment. Number of general outpatient (OPD) have increased from 512,096 times in 2012 to 548,550 times in 2014 (average annual growth rate 3.50 percent) while new service records of general inpatient (IPD) increased from 82 beds daily in 2012 to 94 bed daily in 2014 (average annual growth rate 7.07 percent)
- Higher average income by case for general patient service: From service diversity improvement including that the company could provide complex medical services with high service charge for each treatment, as result, average income from each treatment for general patient was higher. Moreover, during 2012 to 2014 the company made adjustment for higher service charge to steady improve medical service quality. At any rate, an average income from outpatients increased from 1,127 baht to 1,338 baht for each treatment while average income from inpatients increased from 15,185 baht to 17,356 baht for each treatment.
- Number of people with social security account increased : The company provide a standard service to every group of patient so we gain high reputation from patients in social security program resulting in more registration from social security program customers gradually increased from 287,146 people in 2012 to 326,783 people in 2014 (average annual growth at 6.68 percent)
- Medical service fee received from social security program was increased : During 2012 – 2014, department of public welfare consider raising contract-paid hospital medical expense and consider about adjustment on surplus expense rate to cope with patient treatment of diseases with high treatment cost, includes the result from the fact that the company has higher than average number of clients who are in risk condition compared to other hospital which entitled in social security program from all over the country, causing the company to earn an additional income based on increase statistics on services provided.

From aforementioned factors, the company made a steady profit as a result. In 2012, 2013, and 2014, the company has 335.94 million baht, 414.38 million baht, and 480.69 million baht net profit, or increased 19.62 percent annually, and could maintain profit rate within good range having net profit rate in the time mentioned at 17.9 percents, 18.7 percents, and 17.7 percents, respectively. This shows an ability for good control on principal costs from the company's policy in developing medical service potential to draw attention from general patient group who are willing to pay additional service charge in exchange for a quality of the service. It is estimated that this would make the company to maintain the same level of profit.

## Operating result analysis

### Income from hospital business operations

The company classified an income from hospital business operation (“main income”) into 2 main group based on patient’s character, which are an income from general patients and an income from government social security program as shown in details in the table below

Income from hospital business	Fiscal year, ending on 31 December					
	2012		2013		2014	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
<b>Income from general patient</b>						
Income from outpatients (OPD)	577.34	31.0	644.94	29.0	752.31	29.0
Income from inpatients (IPD)	452.92	24.3	488.87	22.0	610.95	22.0
<b>Total income from non-traumatic patient</b>	<b>1,030.26</b>	<b>55.3</b>	<b>1,133.81</b>	<b>51.0</b>	<b>1,363.26</b>	<b>51.0</b>
<b>Income from governmental welfare program</b>						
Social security programs	819.32	44.0	928.04	41.8	1,085.40	40.6
Other governmental programs	13.58	0.7	159.64	7.2	223.04	8.3
<b>Total income from governmental programs</b>	<b>852.90</b>	<b>44.7</b>	<b>1,087.68</b>	<b>49.0</b>	<b>1,308.44</b>	<b>49.0</b>
<b>Gross profit</b>	<b>1,863.16</b>	<b>100.00</b>	<b>2,221.49</b>	<b>100.0</b>	<b>2,671.79</b>	<b>100.0</b>

From the table, the company has the main income during 2012, 2013, and 2014 of 1,863.16 million baht, 2,221.49 million baht, and 2,671.70 million baht, respectively, or at average growth of 19.75 percent annually. The significant growth is due to the policy of the company for promoting a potential in medical treatment service by increasing the number of doctors and nurses who are providing service, including expansion of the capability on treating diseases that need medical specialist and curing diseases with high complexity, influencing for more general patients to choose the company’s treatment and also results in more registration with hospitals in the company’s group from social security program customers. If considered separately between each group, it was found that income from general patient increase on average value of 15.03 percent annually while an income from government welfare program increase on average value of 25.34 annually. However, the company has a policy on increasing a ratio of income from general patient because they are the group that yields more initial profit, more than initial profit gained through government welfare. Income from general patients of the company in 2014 was calculated as 51.0 percent of income from hospital business.

Each category of main income has the following details

#### (1) Income from non-traumatic patients

Income from general patients can be separated into income from outpatient department (OPD) and from inpatient department (IPD). During 2012, 2013, and 2014 the company had income from general patient for 1,030.26 million baht, 1,133.81 million baht, and 1,363.26 million baht, respectively, or increase by 15.03 percent annually. Specific income from outpatient increased from 577.34 million baht in 2012 to 752.31 million baht in 2013 or increase in an average rate of 14.15 percent annually while specific income from inpatient increased from 452.92 million baht in 2012 to 610.95 million baht in 2014 or increase in an average rate of 16.14 percent annually

The main reason that income from general patient increase significantly during 2012 – 2014 time period was because number of service of general outpatient increased significantly from 512,096 times in 2012 to 520,015 times and 548,550 times in 2013 and 2014 respectively, or averagely increased 3.50 percent annually while the rate of new clients of non-traumatic inpatient increased from 82 beds daily in 2012 to 86 beds daily and 94 beds daily in 2013 and 2014 respectively, or averagely increased 7.07 percent annually. More service registration is a result of the company's attempt on potential of medical service as well as diversity of service, e.g. Beauty center service Chularat-renoir and Chinese medical center, from enhancement of potential and diversity of service caused rising in average income per service for general patient because the company can provide a complex medical service which has high expense per service. Additionally, during 2012 – 2014 the company made an adjustment for higher medical fee from general patients to develop a quality on medical service continuously, making average income from outpatient rise from 1,127 baht per visit to 1,338 baht per visit while average income from inpatient increased from 15,185 baht per visit to 17,356 baht per visit.

## (2) Income from government welfare program

Income from government sector program in 2012, 2013, and 2014 equals to 832.90 million baht, 1,087.68 million baht, and 1,308.44 million baht respectively. Income from government welfare program consists of two main sources, which are income from social security program and income from other government program

Income from government program are mostly from social security program that covers over 98.4 percent, 85.3 percent, and 82.95 percent of the company's income from government programs in 2012, 2013, and 2014 respectively. Factor influence this income are (1) Number of registered security client (2) Government policy in setting up medical service charge by contract and additional medical service fees, and (3) Hospital service potential for social security patients , note that, registered security clients are steadily increasing from 287,146 clients in 2012 to 308,005 people in 2013, and 326,783 people in 2014, respectively, or increase in an average rate of 6.68 percent annually while social security program income raise from 2,853 baht/person/year in 2012 to 3,013 baht/person/year in 2013, and 3,320 baht/person/year in 2014, or increase in an average rate of 7.87 percent annually. The average number of registered security clients of the company during 2012 – 2014 are shown in the table.

	Number of security clients (average)ber	Income from social security project (Million baht)
2012	287,146	819.32
2013	308,005	928.04
2014	326,783	1,085.40

In 2014 the company has an average number of 326,783 social security clients under our care, after Chularat 3 hospital and Chularat 11 hospital was granted with HA level 3, the company can extend the quota on receiving security clients for the maximum number of 444,000 people. However, after program upgrade in the future, the company can ask for more quotas for security client. However, at present, the company administrative executives have no policy on expanding social security and majority of future programs are mainly from general clients.

Income from social security program can be divided into

- Income from Social securities by contract payment: department of public welfare demand a medical payment paid for hospitals that joined up with social security program based on securities clients registered with the hospital and divided these income into two categories, which are
  - (1) Base contract paid service payment: In 2012, base contract paid service rate was 1.446 baht/person/year, and changed to 1,460 baht/person/year in 2014. Department of public welfare will pay the company monthly, therefore, contract paid service payment the company received will depends on number of security clients which could change monthly.
- Additional contract paid service payment by hospital accredit (HA) : department of public welfare determined to pay additional service charge to hospitals granted with HA, from 2010 to June 2012 hospitals with 2nd class HA and 3rd class HA were entitled for additional service payment at the rate of 77 baht/person/year, and after July 2012, the hospitals who received 2nd class HA will receive additional service payment at the rate of 40 baht/person/year, as for the hospital with 3rd class HA will receive additional service payment at the rate of 80 baht/person/year. On December 28, 2011 Chularat 3 received its 3rd class HA, and Chularat 11's HA was received in July 2012 while Chularat 9 was granted with 2nd class HA and in the progress on applying for 3rd class HA
- Additional social security income – refer from service statistics: department of public welfare considered a payment to hospitals be referring from various statistics, such as critical extent of diseases and frequency of security clients using hospital services. The rate of service granted to each hospital differs depends on each hospital statistics compared to the statistic of hospitals joined up with social security program all over the country. The income in this category could be divided into three groups:
  - (1) Additional income from inpatient treatment with high expense disease: this is the new category of income which was first put to use in 2012 for cases on inpatient treatment with high expense disease and patient must be admitted to be inpatients. Department of public welfare used a calculation approach by Diagnosis Related Groups: DRGs for comparison an expense of each category of diseases and determine unit for comparison that is an Adjusted Relative Weight (AdjRW). The group of disease with high expense according to this criteria is conditions of illness with AdjRW more or equal to 2. In the year 2012 department of public welfare set additional service payment in each AdjRW for no more than 15,000 baht for each case<sup>1/</sup>
  - (2) Additional income from service frequency of patient with risky condition: This is an income that depends with the number of service of patients from 2 group of social security program, the first is outpatient with 26 chronic diseases according to criteria set by department of welfare (60% weight given), such as diabetes, hypertension, stroke, chronic kidney disease, and inpatient who have conditions with AdjRW less than 2 (40% weight given). In 2011, department of public welfare set the median value for additional payment rate according to risky condition 469 baht/person/year, and in 2012 the median for additional payment rate according to risky condition was decreased to 432 baht/person/year because of the separation of criteria for risky condition diseases and paid as income as in (1)<sup>2/</sup>. In 2013, additional payment rate according to risky condition was still equals to 2012, which is 432 baht/person/year, but there was ratio adjustment between outpatient with 26 chronic diseases according to criteria set by department of welfare, which original weight of 60%, but has been increased to 90%. Inpatients with conditions with AdjRW less than 2, original weight was 40%, but later it was changed to 10% additional payment rate according to risky condition was still equals to 2014.
  - (3) Additional income according to the frequency of overall service of security clients: This is an income which rate depends from frequency of services of social security clients of the company compared with patients from social security program from all of the country, in 2011 department of public welfare set the payment rate between 30 – 100 baht per person per year, however this kind of additional income was cancelled since 2012<sup>2/</sup>

**Note :**

<sup>1/</sup> Due to the government declaration on budget to support aforementioned service in 2012 for nomore than 4,460 million baht, in which case, if hospitals joined up with social security program from all over the country treated a lot of patients with conditions that have AdjRW more or equals to 2, the result may be addition payment rate to AdjRW to be less than 15,000 baht per person per year. Therefore, the company will realized income conservatively by evaluate additional payment rate to AdjRW 15,000 baht per person per year.

<sup>2/</sup> lowering additional payment in cases for risk condition on 26 chronic diseases, and the calceling of payment criteria based on frequency of service in 2012 has been matched up with an income from service to inpatients with high expense disease calculated from DRGs incase AdjRW is more than or equal to 2



- Income from treatment using specialist doctor: Some type of treatment by specialist doctor, the company could request service fee on the same amount used for treatment under terms and service rate appointed by department of public welfare, in which, if there were many patients using the service, it would result in additional income for this part. The type of such service are including kidney dialysis, chemotherapy for cancer patients, open heart surgery, artificial organ implants for disease treatment, brain surgery, for example.

In 2014, the company has significant improve on an income from social security program compared with 2013 which are consecutive result from (1) Number increase of security clients who choose to registered with the company (2) Department of public welfare considered to rise contract-paid medical service rate and considered to improve additional service charge for treatment of inpatients with high expense disease to enable social security patient group with an appropriate quality of service, and (3) from continuous development of service standard which caused the company to have a continuous increased opportunity to give services to patients from social security program with risky condition, the company has higher than average statistical number of clients who are in risk condition compared to other hospital which entitled in social security program from all over the country, causing the company to earn an additional income based on increase statistics on services provided.

In part of income from other government project, such as medical service charge received from national health security office (NHSO), the company didn't joined as general disease service provider with NHSO (30 baht health care scheme), but the company give treatment to some illness which a request could be made for payment of medical service charge on the same amount used for patient treatment under terms and service rate appointed by NHSO. The type of such service under criteria are including kidney dialysis, low birth weight neonates nursing, treatments for patients suffered from emergency illness or accidents with 3 funds, and treatment of patients with strokes, and in the year 2013, heart disease patients were added, this resulted in income from national health security office (NHSO) to increase significantly when compared among 2012, 2013, and 2014 which the numbers are 13.58 million baht, 159.64 million baht, and 223.04 million baht, respectively, or increased from 2012 at 1,055.97 percent rate. And increased from 2013 at 37.37 percent rate

Moreover, income from other government program received from NHSO are calculated as 1.6 percent, 14.7 percent, and 17.1 percent ratio from income that came from the government programs in 2012, 2013, and 2014, respectively.

## Cost in business operation of the hospital

Cost of operation for the hospital ("cost") composed of medical and nurse personnel compensation, drug cost, medical supplies, medical consumables and depreciation expenses, and other costs which during 2012, 2013, and 2014 the company has the operation cost for 1,197.83 million baht, 1,446.44 million baht, and 1,756.02 million baht, respectively, which are calculated as 64.3 percent, 65.1 percent, and 65.7 percent of the main income, respectively.

The Company's cost-to-income average 65.0 percent regularly as a result of the company can manage costs effectively.

Thus, the main cost of the company are doctor fees and cost of drugs, medical supplies, and medical consumables, which are 20.5 percent and 16.2 percent of total cost in 2014, respectively.

## Gross profit

	Fiscal year, ending on 31 December					
	2012		2013		2014	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Income from hospital business	1,863.15	100.0	2,221.49	100.0	2,671.70	100.0
Hospital business cost	(1,197.83)	(64.3)	(1,446.44)	(65.1)	(1,756.02)	(65.7)
<b>Gross profit</b>	<b>665.32</b>	<b>35.7</b>	<b>775.05</b>	<b>34.9</b>	<b>775.05</b>	<b>34.3</b>

The company has steady rise on gross profit. During 2012, 2013, and 2014, the company has a gross profit as of 665.32 million baht, 775.05 million baht, and 915.68 million baht, respectively, and gross profit ratio calculated as 35.7 percent, 34.9 percent, and 34.3 percent, respectively. The gross profit margin of the company is in similar rates regularly. As a result of effective cost management.

### Other income

The company has other income not directly related to hospital business. These include rental fee, public utility fee, interest received, income from nurse assistant training, and other income which, in 2012, 2013, and 2014, the company had this category of income less than 2.0 percent of total income.

### Administrative cost

During 2012, 2013, and 2014, the company has administrative cost of 237.14 Million baht, 287.25 Million baht, and 359.53 Million baht, respectively. Increase of administrative cost was the result of compensation and wages promotion of employees and recruitment of additional employees to cope with the company growth, and increase of other administrative cost which are consequences from rising number of patients.

The proportion of the cost of administration compared to total revenues accounted for 12.7 percent, 12.7 percent and 13.2 percent in 2012 and 2013 and 2014, respectively, the cost of administering the same. Show the effectiveness of the management of the company, although in 2014 with the recruitment of personnel. Into the Company To support the expansion of future projects that are under construction time.

The administrative cost consists of expenses related to employees and administrative executives, depreciation expenses, public utility cost. The main expense is involved employee and executives, considered more than 50 percent of total administrative cost.

### Profit from operation

During 2012 – 2014 the company profited from business operation for 428.19 million baht, 487.81 million baht, and 556.35 million baht, respectively, that calculated as operational profit rate for 22.98 percent, 21.96 percent, and 20.82 percent, respectively.

### Financial expense

Financial expense consists of bank charge and bank loan interests. The company has financial expense for 1.51 million baht, 1.90 million baht, and 1.17 million baht in 2012, 2013, and 2014, respectively. During 2013 and 2014, the company repaid short-term loans at intervals to keep liquidity.

### Corporate income tax

Corporate income tax in 2012, 2013, and 2014 were 101.83 million baht, 104.65 million baht, and 117.57 million baht, respectively. However, in 2012 corporate income tax has changed from 30 percent to 23 percent, and in 2013 a corporate income tax reduction has been announced again from 23 percent to 20 percent from the government's policy to increase an ability for competition of the country and persuade investment from foreign countries to stimulate economics.

### Net profit (loss)

The company has steadily increased of net profit. In 2012, 2013, and 2014 the company has the net profit for 335.94 million baht, 414.38 million baht, and 480.69 million baht, respectively. The steady increase was the result of (1) General patient increase (2) Social security client increase (3) The payment rate from social security program increased from 1,446 baht/person/year to 1,460 baht/person/year (4) Additional income from social security program from treatment of inpatient with high expense diseases (AdjRW more or equals to 2) which was effective since 2012 (5) Increase statistic of service for patient with risky condition and more than average value from elsewhere in the country, the company thus received

additional income according to the increased statistics on mentioned service (6) Cost of sales and administrative expenses to revenue, the company has consistently controlled by maintaining effective cost management and cost-effective. (7) Corporate income tax has changed from 23 percent to 20 percent from the government policy. The company had net profit rate of 17.9 percent, 18.4 percent, and 17.7 percent during 2012, 2013, and 2014, respectively, The company is able to maintain a high level of net profit to continue. As a result of management costs, and cost effective. The cost of hospital operations, compared to total revenues accounted for 63.9 percent 64.2 percent and 64.7 percent, while the cost of administration compared to total revenues accounted for 12.7 percent, 12.7 percent and. 13.2 percent during the year 2012 2013 and 2014, respectively.

## Financial status analysis

### Assets

The company's assets can be classified into 2 category, which are current asset (including cash, account receivable, social security accrued revenues, drugs, medical supplies, and remaining consumables), and fixed asset (including investment fund in joint-ventures, other long-term investments, estates for investment, land, building, and equipments) Total assets of the company at December 31 in 2012, 2013, and 2014 was 1,549.84 million baht, 2,994.48 million baht, and 3,265.67 million baht, respectively, with ratio of current asset from 41.2 percent to 59.0 percent during that time period.

Current asset steadily increase by December 31, 2012, 2013, and 2014, the company has current asset of 638.62 million baht, 1,766.95 million baht, and 1,522.13 million baht, respectively. The raising of current asset, were mostly from account receivable and other debtors, and social security accrued revenues, which are the results from increasing income from hospital operation. In 2013 and 2014, Social Security accrued revenues was raised 221 million Baht 176 million baht, respectively. And more cash and bank deposits from funding the company received from fundraising through stock exchange market on May 16, 2013.

Non-current assets as of December 31, 2012 2013 and 2014 amounted to Baht 911.22 million Baht 1,227.53 million and Baht 1,743.54 million, respectively, with changes in property. Plant and equipment from 2012 to 2014 resulting from expansion plan for future hospital buildings.

### Account receivable

The company has net account receivable at December 31, 2012, 2013, and 2014, for 138.75 million baht, 151.52 million baht, and 157.57 million baht, respectively, account receivable was increase steadily resulting from the company's business expansion. However, the company's average collection period at December 31, 2012, 2013, and 2014, was 26 days, 25 days, and 21 days, respectively, The proportion of trade receivables owed by the majority of the outstanding debts of up to three months at a rate of 82 percent of the total accounts receivable balance. And lower average collection period to demonstrate the ability to store debts better. As a result, the company has strict policies on the debtor. Including how they are developing a computer program to aid in the control and management of accounts receivable.

In case of debt depletion, accounting division will submit the case to law division to proceed according to the company's policy, and if debt could not be collected, the law division will asked for a permission from administration to call for debt depletion from debtor accounts.

Remaining account receivables at December 31, 2012, 2013, and 2014, detailed on time periods, are shown in this table.

Remaining account receivables	At December 31					
	2012		2013		2014	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
<b>Remaining account receivables age from bill payment date</b>						
Less than 3 months	118.37	86.3	125.25	85.4	128.80	81.7
3 – 6 months	16.99	12.4	17.76	12.1	14.67	9.3
6 – 12 months	6.57	4.8	8.62	5.9	9.45	6.0
More than 12 months	7.64	5.6	8.79	6.0	10.70	6.8
Total account receivable	149.58	109.0	160.42	109.4	163.63	103.8
Deduct : doubtful debt	(12.36)	(9.0)	(13.75)	(9.4)	(6.06)	(3.8)
<b>Sum of unrelated enterprises account receivable – net</b>	<b>137.22</b>	<b>100.0</b>	<b>146.47</b>	<b>100.0</b>	<b>157.57</b>	<b>100.0</b>

## Other debtors

Other debtors of the company are general debtors who have no direct relationship with the hospital business, on December 31, 2012, 2013, and 2014, the company has other debtors for 5.88 million baht, 4.84 million baht, and 4.15 million baht, respectively.

## Social security accrued revenues

Social security accrued revenues e.g. revenue that awaits for payment from department of public welfare, which is classified into 2 groups:

- (1) social security accrued revenues according to frequency on medical service used, such as, (1.1) accrued revenues refers from total medical service used, which was in effect in 2011 but was cancelled in 2012, (1.2) accrued revenue which refers to statistics on inpatient with high expense diseases (AdjRW more than or equals to 2) which was declared in effect in 2012, and (1.3) accrued revenue which refers to statistic of patients with risky condition, in which, department of public welfare will collect patient statistical data from hospitals joined up with social security program from all over the country to use for payment calculation for additional payment of service to each hospital afterward, which the company will use an appropriate hypothesis to estimate expected revenue the company expect from each period.
- (2) Other social security accrued revenues are results from medical service by specialist doctor, e.g. blood dialysis using artificial kidney unit, chemotherapy for patients with cancer, open heart surgery, artificial organ implant, for example, in which after treatment the company will send medical service reference letter to department of public welfare afterward as an evidence for bill payment.

Social security accrued revenues on December 31, 2012, 2013, and 2014, has following details

Social security accrued revenues	At December 31					
	2012		2013		2014	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Accrued revenues on inpatient with high expense diseases	75.7	40.6	111.9	38.5	273.2	51.1
Accrued revenues on patients with risky condition	77.3	41.5	106.0	36.5	131.8	24.7
Other social security accrued revenues	35.5	19.0	75.6	26.0	132.4	24.8
<b>Total social security accrued revenues</b>	<b>188.5</b>	<b>101.1</b>	<b>293.5</b>	<b>101.1</b>	<b>537.4</b>	<b>100.6</b>
Deduct : doubtful debt	(2.08)	-1.1	(3.08)	-1.1	(3.08)	-0.6
<b>Sum of Social security accrued revenues - net</b>	<b>186.39</b>	<b>100.0</b>	<b>290.43</b>	<b>100.0</b>	<b>534.36</b>	<b>100.0</b>

Social Security income accrued in 2013 increased by Baht 104.45 million and 243.39 million baht year 2014 increased as a result of the social security number of patients increased. And the rate of hospital patients in which patients with a high cost, which started in 2012 and have a higher risk of medical liability. As a result, revenue growth, including social insurance policy to pay the Social Security office where changes have been made. Social Security income accrued increased.

### Drugs, medical supplies and inventorial consumables

At December 31, 2012, 2013, and 2014, the company has drugs, medical supplies, and inventorial consumables ("inventory") that costs 65.32 million baht, 74.98 million baht, and 86.56 million baht, respectively, and in that time period the company has average time for selling inventory by 19 days, 17 days, and 17 days, respectively. Maintaining inventory and the average sales period of the Company is at a steady rate. The management system is effective.

Each type of inventory is shown in the table below

INVENTORY	At December 31					
	2012		2013		2014	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Drugs	34.74	53.2	43.49	58.0	55.99	64.7
Medical Supplies	7.13	10.9	7.39	9.9	6.82	7.9
Medical Equipments	4.37	6.7	2.73	3.6	2.26	2.6
Other Consumables	19.08	29.2	21.37	28.5	21.50	24.8
<b>Sum of unrelated enterprises account receivable - net</b>	<b>65.32</b>	<b>100.0</b>	<b>74.98</b>	<b>100.0</b>	<b>86.56</b>	<b>100.0</b>

The company set the low reserve value on expired inventory items because the company has efficient inventory control and also demand for officers who take a duty on drugs and medical supplies inspection in inventory stock and patient hall every month. The company also has a good relationship with drug distributor, so drugs that are near expiry date could be returned to the distributor for exchange to the new lot.

Medical Equipment

### Investment in joint-venture enterprise

The company invested in Chularat artificial kidney co., ltd. , through Bangpakong Vejchakij co., ltd. (the subsidiary company of Chularat hospital), with an objective to provide blood dialysis using artificial kidney unit for hospitals and medical institutes in Chularat group, by holding 50 percent of share and has investment value by equity method of 3.54 million baht. However, at present Chularat artificial kidney had stopped their business because the company, in collaboration with specialist doctor, opened up dialysis operation under our own business. Chularat artificial kidney are in the progress on liquidation and finished on September 26, 2013

### Other long-term investment

The company invested in UB (Thailand) co., ltd. ("UB") to act as the middleman for medical equipment import. The company holds 10 percent of share and has investment value from cost price of 0.80 million baht. However, UB has been non-profitable, the company made asset retirement on that entire investment on December 31, 2012.

### Property, plant, and equipment, net

At December 31, 2012, 2013, and 2014, the company has property, plant, and equipment of 759.20 million baht, 1,081.55 million baht, and 1,557.33 million baht, respectively. The company has been continuously investing on property, plant, and equipment to enhance our potential on providing services and support the future growth. Investment cost was 146.95 million baht, 432.38 million baht, and 573.80 million baht, respectively. Main category of asset the company invested in was medical tools and equipment, to support the construction of expanded section of the hospitals in the future.

### Intangible assets

Intangible assets are computer software. As of December 31, 2012, 2013, and 2014, the company has intangible assets of 8.57 million baht, 10.79 million baht, and 13.45 million baht, respectively, by which the company invested continuously in computer software to support the business growth.

## Liability

The company's liability divided into 2 categories, which are current liability (e.g. trade account payable and short-term financial institute loan, long-term bank financial institute with one year) and long-term liability (e.g. long-term financial institute loan, provision for long-term employee benefits), that the total liability of the company as of December 31, 2012, 2013, and 2014, are 423.27 million baht, 355.84 million baht, and 461.34 million baht, respectively. In which current liability have a ratio between 94.1 percent to 95.7 percent of total liability during the time period above.

Trade account payable and other payable share the most percentage in liability. At December 31, 2012, 2013, and 2014, the company has ratio of Trade account payable and other payable to total liability of 54.96 percent, 54.96 percent, 75.56 percent, and 71.09 percent, respectively. The main trade account payable consists of drug payable, medical supplies, and consumables which the company purchased for medical service where as other payable consists of accrued doctor fee, accrued expense, and other payable that concerns construction and building expansion.

### Short-loan from board of director

During 2012, Thai amdon co., ltd. asked for a short-term loan from board of director for 10.70 million baht to use as a temporary investment to purchase medical equipment to the company. In shareholding reconstruction within the company



group during fourth quarter in 2012 to make a preparation to register in the stock exchange of Thailand, the company made a decision to buy 99.99 percent of Thai amdon co.,ltd. share, resulting in the said loan from board of director for 10.70 million baht showed up in the company's financial statement, which the company made a payment the mentioned loan in 2013.

### Loan from financial institute

The company's loan from financial institute was a short-term loans, consists of overdraft and promissory note which the company used occasionally to manage business liquidity. On December 31, 2012, and 2013, and 2014 the company still has short-term loans from financial institute for 81.10 million baht and 0 million baht and 30.0 million baht, respectively.

### Current liabilities and contingencies

On December 31, 2014, the company has total amount of contingencies for 441 million baht, which are contingencies concerning capital expenditure for 183 million baht and contingencies involving operating lease for 33 million baht. However, contingencies concerning capital expenditure composed of contingencies for building new building and for purchasing medical tools and equipment and the company has contingencies involving retained capital in subsidiary companies for 225 million baht.

## Shareholder part

On December 31, 2012, and 2013, and 2014 the company holds total shareholder part for 1,126.57 million baht and 2,638.64 million baht, and 2,800.26 million baht, respectively. The steady growth on shareholder part results from the company was always able to make profits. In 2013, the company performed fundraising by selling common stocks for the first time through stock exchange market for 220 million shares resulting in increased registered capital from original value of 880 million baht to 1,100 million baht, and causing additional share premium for 1,132.88 million baht. However, from 2011 to 2012, the company has been paying dividend regularly to common stock holders and preferred stock holders type of dividend are either in cash, or in stock dividend

During 2012 the company made adjustment on a capital to mask a preparation supporting registration in the stock exchange market of Thailand as follows

- Changing stock par value of the company, from 10.0 baht to 1.0 baht (stock number changed from 63.8 million stocks to 638.0 million stocks)
- Raising registered capital from 638.0 million stocks to 1,100.0 million stocks to support appropriated ordinary shares from accumulated income (stock dividend) for 242.0 million stocks, and to support registered capital shares in the stock exchange market for 220.0 million shares
- Changed all preferred stock of 200.0 million stocks with value 1.0 baht to common stock of 200.0 million stocks with value 1.0 baht Combined with the existing ordinary shares into ordinary shares and 438 million shares, 638 million shares.

## Financial structure

The company have a strong financial structure, the ratio of main financial policies in December 31, 2012, 2013, and 2014 are shown as follows

- Ratio of Liability to shareholders was at 0.38 times, 0.13 times, and 0.16 times, respectively.
- Ratio of liability with interest to shareholders was at 0.07 times, 0.00 times, and 0.01 times, respectively.
- Ratio of ability to pay interest was at 333.62 times, 217.89 times, and 512.37 times, respectively.

If consider in comparison of financial structure between the company and companies in hospital category that registered in stock exchange market, it was found that ratios of liabilities to shareholders of the company are significantly lower than average value of registered companies, showing the conservative financial policy that enable the company an additional potential to ask for loan authorization from the financial institutes to invest for the business expansion in the future.

## Liquidity

### Cash flow

Details on source of income and depletion location of cash flow by category are shown in the table below

(Million Baht)	Fiscal year, ending on 31 December		
	2012 Million B.	2013 Million B.	2014 Million B.
Net cash received (paid) from operating activities	410.74	308.95	446.83
Net cash received (paid) from investing activities	(154.35)	(1,041.04)	25.77
Net cash received (paid) from financing activities	(125.78)	994.30	(289.78)
<b>Net cash and cash equivalent increase (decrease)</b>	<b>130.61</b>	<b>262.21</b>	<b>182.82</b>
Cash and cash equivalent – period beginning	102.82	233.43	495.64
<b>Cash and cash equivalent – period ending</b>	<b>233.43</b>	<b>495.64</b>	<b>678.46</b>

From a comparison made during 2012 to 2014, the company has an increase in net profit of 335.94 million baht, 414.38 million baht to 480.69 million baht, respectively. Cash flow from business operation in 2014 was increase in profit from operations of the Company.

### Current ratio

During 2012, 2013, and 2014, the company has current ratio of 1.58 times, 5.19 times, and 3.51 times, where the quick ratio was 0.91 times, 1.86 times, and 1.90 times, respectively. Considered from various current ratio, it was found that the liquidity of the company has been very high liquidity showing the potential for payment of short-term contingencies.

### Cash cycle

During 2012, 2013, and 2014, the company has an average cash cycle of 22 days, 17 days, and 11 days, respectively. From mentioned cash cycle, it shows that the company must prepare cash to bear with business operation on average period of 17 days. In the past, the company manages its liquidity mainly from internal cash flow using short-term loans from financial institute for liquidity reinforcement periodically.

## Return on equity analysis

The company have steadily rising rate of return on equity (ROE), the rate of return on equity in 2012, 2013, and 2014 were calculated as 32.27 percent, 22.01 percent, and 17.68 percent, respectively. The rate of return on equity decreased as a result of growth in shareholders' equity from the securities to listing on the stock exchange in 2013, despite a decrease in the ratio is not due to the effective management of the company. The By considering

- Effectively manage costs and expenses: Net Profit (Net Profits Margin) at a rate similar continuously by the year 2012 2013 and 2014, representing 17.92 percent, 18.31 and 17.71 percent, respectively.

## Main factors and influences that could affect an operation or financial status in the future

### Industrial status and population in an area of service

All 3 hospitals in the company's own group are located in important industrial estates of Samut Prakan province and Chachoengsao province, and in 2014 the company has a plan to expand a service area into Chonburi province and Prachin Buri province. The mentioned areas has a lot of industrial employees, and from the past, there were continuously immigrants to these areas along with the growth of industry in the area, which benefits the company's business because there are more base patients, both in social security group and general patients.

### Founding of ASEAN Economic Community

The roadmap on setting up AEC in 2015 will benefits health business of Thailand. In hospital business part, there will be more patients come to Thailand to use our service because hospitals in Thailand gain the high standard of treatment and service, including high quality personnel and low medical treatment cost when compared with other countries which have the same quality of service. However, even the majority of current patients of the company are domestic group, but from the company's plan on developing specialist treatment expertise, and including the fact that two of hospitals in the group, which are Chularat 3 hospital and Chularat 9 hospital located within 10 kilometers radius from Suvarnabhumi airport, so it is expected that the company will have more foreign customer group from AEC in the future. And in 2014 Chularat 3 hospital is a hospital in the group. Which are internationally accredited hospitals JCI (Joint Commission International) and I can build confidence among foreigners in the quality of medical care is universal.

### Ratio of income from non-traumatic patients

Income from non-traumatic patients are 55.3 percent, 51.0 percent, and 51.0 percent in the year 2012, 2013, and 2014, respectively. Even though the ratio of income from general patients may be in decline during 2013 and 2012 when compared to 2013, but the value of income and number of patient who get treatments in general patient group was steady increase. When consider data from 2012 to 2014, a revenue from general patients raise from 1,030.25 million baht to 1,363.26 million baht, or increased on average value of 15.03 percent annually while the number of services of general outpatients raise from 512,096 times/year to 548,550 times/year, or increased on average value of 3.50 percent annually, and new service rate of general inpatients raise from 82 bed/day to 94 bed/day, or increased on average value of 7.07 percent annually. In the future the company has a policy to increase number of general patients by raising the potential to offer medical service and focus on treatments that require specialists. The company has a plan on expanding and renovating the buildings to get ready and adequate from clients, together with up to date medical instruments. According to the expansion plan, all 3 projects are expected to be completed in the fourth quarter in 2016 including increased variety of services, such as a service of 'Chularat renior' beauty center, traditional Chinese medical service. The company will also use offensive marketing strategy to penetrate general clients, e.g. giving a discount for patients who registered on health insurance plan with insurance companies who are the contractors with the company. Income from non-traumatic patients generates more profit rate than from government program, thus promoting income ratio from non-traumatic patients may give a positive effect to the profit trend of the company in the future.

### Changes in the government policy

Income from the governmental social welfare for health is the high ratio income of the company, by which during 2011 – 2013 that income covers for 44.7 percent and 49 percent of income from hospital business operation, and if included only income generated from social security program this may calculated as 44.0 and 40.6 percent ratio from overall income generated from hospital business operation, therefore changes in social welfare policy of the government sector that might take place in the future may effects the company's operation result significantly.

Furthermore, the government has a policy to lower corporate income tax from 23 percent in 2012 and 20 percent in 2013 to promote competency of the country and drawing investment funds from abroad to stimulate economics, in which the tax reduction policy may give beneficial result to operation result, financial status, and liquidity of the company in the future.

### The criteria change on medical service payment rate of department of public welfare

In 2012, department of public welfare made change on rising overall rate of payment for medical service to make hospitals readiness to give service for complex and high expense disease. The major changes were

- Contract-paid social security payment rate increased: Contract-paid social security payment rate increased continuously from 1,306 baht/person/year in 2008 to 1,404 baht/person/year in 2009, and raise to 1,446 baht/person/year in 2012, and raise to 1,460 baht/person/year in 2014, which normally there will be a consideration made for rising contract-paid rate every 3 years or less.
- Contract-paid based on hospital quality of service increased: Since July 2012, hospitals with 2nd class HA will receive 40 baht/patient/year, for hospitals with 3rd class HA or JCI will receive 80 baht/patient/year. On December 31, 2014, Chularat 3 hospital was granted with 3rd class HA and JCI quality standards and Chularat 11 hospital was granted with 3rd class HA quality standard while Chularat 9 hospital was granted with 2nd class HA quality standard
- Service rate in case of inpatients with high expense diseases: this is the new kind of additional income which was first put to effect in 2012 for the case of patients with serious condition diseases with high expense and must be admitted as inpatient (IPD). In which case, department of public welfare will use the calculation approach referring to diagnosis related groups (DRGs) for making a comparison expense of each category of disease and determine unit of comparison as adjusted relative weight (AdjRW). If a patient suffered from a disease with AdjRW more than or equal to 2, the company will receive additional service fee from social security office. In 2012, social welfare office set the limit of payment additional expense payable in AdjRW to be no more than 15,000 baht for each case.
- Change in service rate according to number of services for patients with risky condition : The service payment rate for risky condition is 432 baht/patient/year

For conclusion, the company gained benefits from changes for payment rate mentioned above, by increasing income from social security programs from 2,853 baht/patient/year in 2012 to 3,320 baht/patient/year in 2014. The government sector will be in charge to define a criteria of payment rate for various services of social security program which are always changing considered from suitability and cost-expense of treatments.

### Effect from change of accounting standard

To get Thai financial statement standard comparable to international financial statement, federation of accounting processions announced a revised accounting standard and new accounting standard. Part of the standard that will be in effect are in following details:

#### Accounting standard that would be put in effect in the future

accounting standard			Effective Date
Issue no. 1	(updated 2012)	Financial statement presentation	1 January 2014
Issue no. 7	(updated 2012)	Cash flow budget	1 January 2014
Issue no. 12	(updated 2012)	Income tax	1 January 2014
Issue no. 17	(updated 2012)	Leasing contract	1 January 2014
Issue no. 18	(updated 2012)	Income	1 January 2014
Issue no. 19	(updated 2012)	Employee benefits	1 January 2014

Issue no. 21	(updated 2012) Effects from changes in the foreign currency exchange rate	1 January 2014
Issue no. 24	(updated 2012) Related party disclosure	1 January 2014
Issue no. 28	(updated 2012) Investment in associates	1 January 2014
Issue no. 31	(updated 2012) Gain and loss in Joint ventures	1 January 2014
Issue no. 34	(updated 2012) Interim financial statement	1 January 2014
Issue no. 36	(updated 2012) Impairment of assets	1 January 2014
Issue no. 38	(updated 2012) Intangible asset	1 January 2014

#### Financial report standard

Issue no. 2 (updated 2012)	Share-based payment	1 January 2014
Issue no. 3 (updated 2012)	Business combination	1 January 2014
Issue no. 5 (updated 2012)	Non-current asset held for sale and discontinued operations	1 January 2014
Issue no. 8 (updated 2012)	Operation segment	1 January 2014

#### Accounting standard interpretation

Issue no. 15	Operating leases – incentives	1 January 2014
Issue no. 27	Evaluating the substance of transactions in the legal form of lease	1 January 2014
Issue no. 29	Concession agreement disclosure	1 January 2014
Issue no. 32	intangible asset – website cost	1 January 2014

#### Financial report standard interpretation

Issue no. 1	Changes in existing decommissioning, restoration and similar liabilities	1 January 2014
Issue no. 4	Determining whether an arrangement contains a lease	1 January 2014
Issue no. 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds	1 January 2014
Issue no. 7	Backward revision under accounting standard Issue no. 29 issuing making a financial report in hyperinflation economics	1 January 2014
Issue no. 10	Interim financial statement and impairment	1 January 2014
Issue no. 12	Service concession arrangement	1 January 2014
Issue no. 13	Customer loyalty program	1 January 2014
Issue no. 17	Paid non-cash assets to owners	1 January 2014
Issue no. 18	Asset transfer from Client	1 January 2014

The company's administration believes an accounting standard, financial statement report standard, accounting standard interpretation, and financial report standard interpretation above will not have a significant effect to financial statement when applied.

"Investors can study more detailed data of asset company from annual disclosure (Form 56-1) of the company displayed in [www.sec.co.th](http://www.sec.co.th) or [www.chularat.com](http://www.chularat.com)"

## Accounting practice for accounting for stock dividends.

All financial reporting standards as mentioned above, has been updated and is held to a substantially equivalent to International Financial Reporting Standards. This is mainly to improve the wording and terminology. Interpretation and provide guidance to the standard user account. Financial Reporting Standards has no significant impact on the financial statements.



## **B. The standard financial reporting to be effective in the future.**

FAP has issued a revised financial reporting standards and the new lot. Which are effective for accounting periods beginning on or after January 1, 2558 IFRS financial statements have been updated or provided to a substantially equal to the standard financial reporting between countries. changes in financial reporting standards in this mainly to improve the wording and terminology. Interpretation and provide guidance to the standard user account. The management of the Company believes that it will not impact significantly on the financial statements in the year, the standard is to comply with the standards of financial reporting, as discussed above, some of the standard financial reports that are available. The key changes Which includes the following.

### **TAS 19 (Revised 2557) regarding employee benefits.**

The revised standard requires an entity to recognize actuarial gains and losses immediately in other comprehensive income insurance. While the former standard permits as a recognized immediately in the income statement. Or in other comprehensive income Or be recognized in profit or loss.

The Company and its subsidiaries recognize actuarial gains and losses on insurance immediately in profit or loss in the period in which they are incurred. The management of the Company and its subsidiaries estimates that the revised standard is implemented in 2558 and converted to recognize the profit and loss statement immediately in other comprehensive income will not affect the liability provision for long-term benefit of the employees. and retained earnings in the financial statements.

### **Financial Reporting Standard No. 10, Consolidated Financial Statements.**

Financial Reporting Standard No. 10 set guidelines on the preparation of the consolidated financial statements. By using the content relating to accounting for consolidation of previously defined in Accounting Standard No. 27 Consolidated and Separate Financial Statements. This change in accounting standards, considering that the investor has control, or not, that is, under this standard, investors will assume control of their businesses to invest. If they have the right to receive, or have an interest in the Company's investment returns. And can use their power to direct the activities that affect the amount of return that. Although they have a shareholding or voting rights by at least half of them. This resulted in a significant change management to use judgment in reviewing the Company's and its subsidiaries' control power to invest or not, and must apply to any company in the Group preparation of financial statements. some partners

The management of the Company and its subsidiaries believe that such standards will have no significant impact on the financial statements of the Company and its subsidiaries.

### **Financial Reporting Standard No. 11 of the concession.**

Financial Reporting Standards Accounting Standards No. 11 to No. 31 Interests in Joint Ventures. Which has been canceled This standard requires an entity's investments in jointly controlled entities using the equity method. While the standard No. 31 requires an entity to choose the investments in jointly controlled entities in the consolidated financial statements using the proportionate consolidation method. Or save it as an investment under the equity method.

### **Financial Reporting Standard No. 12, Disclosure of interests in other businesses.**

This standard defines a disclosure of information relating to the Company's equity interest in the subsidiary. The joint venture includes the structural identity. This standard had no impact on the consolidated financial statements of the Company and its subsidiaries.

### **Financial Reporting Standard No. 13 regarding the measurement of fair value.**

Acts to be measured at fair value in accordance with the principles of this standard. And apply prospectively to recognize the impact of the early adoption of this standard.

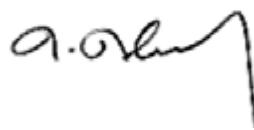
# Report of the Board of Directors on the Financial Statements

The Board of Directors is responsible for the separate financial statement, and consolidated financial statements of the Company and its subsidiaries, including the financial information contained in the annual report for the year ended 31 December 2014, which the Company has prepared in accordance with accounting standards generally accepted in Thailand by choosing the appropriate accounting policies and has been practicing regularly with discretion and reasonable estimation in the preparation. As well as the reins adequate disclosure of information in the notes to the financial statements that can reflect the financial position, performance, and cash flows accurately, transparently and beneficially to the shareholders and general investors, and has been audited by the CPA of the Company, EY Company Limited, which gave unconditional opinions to the Company.

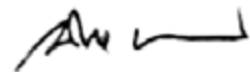
The Company provided support in information and documents to EY Company Limited, so they can audit and express opinions according to auditing standards. The Board has established and maintained suitable and effective system of risk management, internal control, internal audit and corporate governance to ensure that accounting information is accurate and complete and sufficient to maintain the assets, manage risks and prevent fraud or irregular conduct significantly.

The Board of Directors has appointed the Audit Committee consisting of independent directors to be responsible for reviewing the accounting policies and responsible for the quality of financial report, a review of the internal control, internal audit and risk management and also consider the disclosure of related transactions to be fully adequate and appropriate. The comments of the Audit Committee have been put in the report of the Audit Committee which is published in the Annual Report.

The Board of Directors has the opinion that the Company's overall internal control system is adequate and appropriate. The Board is reasonably confident that the separate financial statements and consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2014 are reliable and complying with generally accepted accounting standards and the practice is in compliance with related law and regulations.



Kriengsak Plussind  
Chairman of the Board of Directors



Kumpol Plussind  
Managing Director

# The Audit Committee Report to Shareholders 2014

## Dear Shareholders of Chularat Hospital Public Company Limited,

The Board of Directors has appointed the Audit Committee of Chularat Hospital Public Company Limited, which consists of three independent directors who qualify under the rules of the Stock Exchange of Thailand. Two Audit Committee members are the persons with sufficient knowledge and experience to be responsible to review the reliability of financial statements. The Audit Committee comprises of:

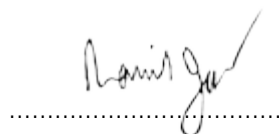
- |                           |                                 |
|---------------------------|---------------------------------|
| 1. Mr. Manit Jeeradit     | Chairman of the Audit Committee |
| 2. Mr. Somyos Yan-ubol    | Audit Committee                 |
| 3. Mr. Chayawat Pisessith | Audit Committee                 |

Mrs. Jirawassa Rochanapradit is the Secretary to the Audit Committee.

In 2014 the Audit Committee had a total of 4 meetings in which every audit committee has attended. There was a meeting with the auditor without management attended the meeting. In each meeting, there was an agenda with the auditor; the internal audit department manager has attended the meeting as the secretary of the Audit Committee in order to facilitate the performance of the Audit Committee to be in accordance with the Charter of the Audit Committee. The Audit Committee has summarized the meeting of the Audit Committee and presented to the Board of Directors to acknowledge. The Board of Directors summarizes the essence of the performing in 2014 as follows:

1. The Audit Committee has reviewed the quarterly financial statements and the annual financial statements 2014 of the Chularat Hospital Public Company Limited and its subsidiaries on significant issues by querying and gathering comments from management and auditors about the accuracy, completeness and reliability of the financial statements and adequate disclosure of information that the Audit Committee has agreed with the auditor that the financial statements have been prepared correctly in accordance with general accounting standards.
2. The Internal control system of the Company is appropriate and effective as it should be.
3. The related transactions that appeared in 2014 were as usual as normal business. The transaction is reasonable and based on the interests of the stakeholders of the company, including adequate disclosure of information according to the requirements of the Stock Exchange of Thailand.
4. The framework of the Company was according to the law regarding the Securities and Exchange Commission as well as other laws and regulations related to the business of the company.
5. For The fiscal period Ended 31 December 2014, the certified public accountant to audit the financial statements of the Company is Mr.Sumalee Reewarabandith (license No. 3970). The Company has considered the performance of the auditor in the past fiscal periods, and agreed that EY Office Limited is a professional who operates independently and has understanding towards the business of the Company. So the Board of Directors of the Company has proposed to the Annual General Meeting of Shareholders to appoint EY Office Limited to be the Auditor of the Company for another year. The Board of Directors has proposed Ms.Manee Rattanabunnakit, Certified Public Accountant No. 5313 and/or Mr.Sumalee Reewarabandith, Certified Public Accountant No. 3970 and/or Mr.Termphong Opanaphan, Certified Public Account No. 4501 of EY Office Limited to be the auditors of the Company with their total remuneration of up to Baht 2,940,000. The Audit Committee has performed the duties and responsibilities assigned by the Board of Directors with caution in order to fully benefit the shareholders and all stakeholders of the Company.

On behalf of the Audit Committee,

  
(Manit Jeeradit)

Chairman of the Audit Committee  
Chularat Hospital Public Company Limited

23 February 2015



โรงพยาบาลจุฬารัตน์ 3



โรงพยาบาลจุฬารัตน์ 9



โรงพยาบาลจุฬารัตน์ 11

## **Internal Control System Assessment Questionnaire**

**TISCO Bank Public Company Limited**

**February 28, 2014**

**This questionnaire was completed by the TISCO Bank Plc.'s Board of Directors. It reflects the Board's opinion on the adequacy of the TISCO Financial Group Plc.'s internal control system.**

## Internal Control Assessment Questionnaire

### **Background and Objectives**

Proper Internal Control system is vital to listed companies as it shall prevent, manage and mitigate risk and loss that could impact the companies and their stakeholders. Therefore, Board of Directors is accountable to oversee that the company have implemented proper internal control system that is sufficient to govern and direct the company to achieve its missions and goals while complying with laws and regulations. Besides, the internal control system should also prevent the company from fraud and physical damage and ensure correct accounting and financial reporting.

The Securities Exchange Commission (SEC), coordinated with the Price Waterhouse Cooper (Thailand), had developed this Internal Control Assessment Questionnaire as a tool for listed companies for their self-assessment.

The questionnaire adopted the internal control concept of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which was revised on May 2013 and was adjusted to be applicable to Thai listed company. The questionnaire is constructed in 5 key areas including Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring Activities.

### **Use of Questionnaire**

The companies should apply this questionnaire as guidance for internal control assessment at least annually and may reassess in case of unexpected event which may impact its operations significantly. The assessment should be reviewed by the Audit Committee and the Board in order to lead to discussion about proper improvement of internal control system.

The assessment should be based on execution of the control. If the assessment reflects insufficient control in some areas, the company should provide with rationale and improvement method.

## Control Environment

### 1. The organization demonstrates a commitment to integrity and ethical value.

Question	Yes	No
1.1 Board of Directors and senior management articulate and demonstrate the importance of integrity and ethical values across the organization. The various forms and mechanisms may include: 1.1.1 Day-to-day actions and decision making at all levels of the organization that are consistent with the expected standards of conduct. 1.1.2 Interactions with suppliers, customers, and other external parties.	/	
1.2 Practice of integrity and ethics is in place which may include: 1.2.1 Appropriate code of conduct for all employees 1.2.2 Prohibition of conflict of interest and corruption 1.2.3 Penalty when employee action deviates from the standard code of conduct 1.2.4 Communicate the standard code of conducts and penalty when its violated to all level of employees and external parties for adherence.	/	
1.3 A process of ongoing and separate evaluation of Code of Conduct is in place including; 1.3.1 Ongoing and separated evaluation by Internal Audit Unit or Compliance Unit 1.3.2 Employees self-evaluation 1.3.3 Separate evaluation by independent and external experts	/	
1.4 Deviations of the expected standard code of conduct are identified and remedied in a timely and consistent manner. 1.4.1 Having a process to investigate deviations of the expected standard code of conduct. 1.4.2 Having a process to penalize and conduct an appropriate action taken in timely basis. 1.4.3 The corrective action should be taken in consistent and timely basis.	/	

### 2. The Board of Directors is independent from the management and is accountable for an oversight of the development and performance of internal control.

Question	Yes	No
2.1 The board of directors demonstrate independence from management by their roles and responsibilities. The board must therefore retain objectivity in relation to management.	/	
2.2 The board of directors oversee the business objectives to ensure that they are clearly defined and measurable to be a guidance for management and other employees.	/	
2.3 The board of directors oversee the clear line of roles and responsibilities of the board committees and senior management and compliance with law and regulations. This includes the roles and responsibilities of audit committee, external auditors, internal auditors and the person with responsibility for financial reporting.	/	
2.4 The director is competent and has expertise in business or ability to request for the experts when needed.	/	
2.5 The board of directors consists of sufficient number of independent directors who are knowledgeable and independent.	/	
2.6 The board of directors oversee the development and execution of internal control system including control environment, risk assessment, control activities, information and communication, and monitoring activities.	/	

### 3. With the board oversight, Management establishes structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

Question	Yes	No
3.1 Management establish organization structure which support the organization's goal, which taking into account business, regulation, and effective internal control system e.g. segregation of duties.	/	
3.2 Senior management define reporting line which considered appropriate accountabilities, responsibilities and communication channel.	/	



Question	Yes	No
3.3 Clear and appropriate authority delegation of authority among the board of directors, senior management, management and staff is in place.	/	

**4. The organization demonstrates a commitment to attract, develop, and retain competent individuals.**

Question	Yes	No
4.1 Policies and practice to attract, develop, and retain competent individuals is in place and is reviewed regularly.	/	
4.2 The organization has processes of performance evaluation, incentive, reward and penalty. The processes are communicated to all level of management and employees.	/	
4.3 The organization has a procedure to handle insufficiency of competent staff properly.	/	
4.4 The organization has a human resource management process of recruiting, development, mentoring, coaching, retaining for all level of management and employees.	/	
4.5 The organization has the appropriate succession plan.	/	

**5. The organization assigns roles and responsibility of internal control in the pursuit of objectives.**

Question	Yes	No
5.1 The board of directors and management establish the mechanisms to communicate and enforce accountability for performance of internal control responsibilities across organization and implement corrective action as necessary.	/	
5.2 The board of directors and management establish proper performance evaluation, incentives, and rewarding system taking into account code of conduct, short-term and long-term business objectives.	/	
5.3 The board of directors and management align incentives and rewards with the fulfillment of internal control responsibilities in the achievement of objectives.	/	
5.4 The board of directors and management evaluate and adjust pressures associated with the achievement of objectives as they assign responsibilities.	/	

### Risk Assessment

**6. Organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.**

Question	Yes	No
6.1 The organization complies with the Generally Accepted Accounting Principles (GAAP) that are appropriate for its business and ensures the existence, completeness, rights and obligation, and valuation.	/	
6.2 The organization defines financial materiality by assessing factors such as stakeholders, transaction size, and business trends.	/	
6.3 The organization's financial statements reflect actual operational activities.	/	
6.4 The board of directors or the Risk Management Committee approves and communicates risk management policies to management and employees as part of the organization culture.	/	

**7. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as basis for determining how the risks should be managed.**

Question	Yes	No
7.1 The organization identifies comprehensive risk that may affect the operational activities at corporate level, entity level, unit level, and functional level.	/	

Question	Yes	No
7.2 The organization assess comprehensive risk that may result from internal and external factors, including strategic risk, operational risk, reporting risk, compliance risk, and IT risk.	/	
7.3 Management of all level participates in risk management.	/	
7.4 The organization prioritize risk through frequency and impact assessment.	/	
7.5 The organization has measures and plans to manage risk through risk acceptance, risk reduction, risk avoidance, or risk sharing.	/	

**8. The organization considers the potential for fraud in assessment risks to the achievement of objectives.**

Question	Yes	No
8.1 The organization assess fraud risk resulting from falsify reporting, financial loss, corruption, management override of internal controls, misrepresentation of material reports, or embezzlement.	/	
8.2 The organization reviews its performance measurements through achievement likelihood assessment and reviews incentive program to ensures that it does not encourage misconduct such as unrealistic target to encourage misrepresentation.	/	
8.3 Audit Committee reviews and inquires management regarding fraud likelihood and fraud preventive and corrective measures.	/	
8.4 The organization communicates to its employees to ensure that they understand and comply with policies and guidelines.	/	

**9. The organization identifies and assesses changes that could significantly impact the system of internal control.**

Question	Yes	No
9.1 The organization assess external changes that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	/	
9.2 The organization assess changes in business operation that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	/	
9.3 The organization assess changes in organization leaders that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	/	

**Control Activities**

**10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.**

Question	Yes	No
10.1 The organization's control measures are appropriate with its organization specific risks such as environmental, operational complexity, functional, operational boundary, and other specifics.	/	
10.2 The organization has written internal control measures that appropriately covers its activities, which includes roles and responsibilities, and clearly indicate level of authority to prevent fraud. 10.2.1 Collect and regularly update information on major shareholders, Directors, Management, and their related parties to assist in monitoring and reviewing related party transactions or conflict of interest transactions. 10.2.2 In case the organization approves or enters into long-term contract with related party, the organization monitors to ensure compliance throughout the contract duration.	/	
10.3 Control activities include a range and variety of controls and may include a balance of approaches to mitigate risk, considering both manual and automated controls, and preventive and detective controls.	/	
10.4 Management considers control activities at various levels in the entity.	/	

Question	Yes	No
management, comments and reason of disagreement		
13.6 The organization has proper		
13.6.1 Document retention process to ensure completeness and filing of all important document.	/	
13.6.2 Control deficiencies and corrective action report from both external and internal auditors.	/	

**14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of other components internal control.**

Question	Yes	No
14.1 The organization effectively communicates relevant and timely information regarding internal control to external parties and provides appropriate communications channels.	/	
14.2 The organization reports material information to the board of directors consistently. Otherwise, the board of directors is enabled to access necessary information regards of their duties or reviews transaction i.e. the directors allows to request information from assigned a contact person, external auditors, internal auditors and they can request for the board meeting and other meeting between directors and senior managements.	/	
14.3 The organization provides separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication from internal parties.	/	

**15. The organization communicates with external parties regarding matters affecting the functioning of other components of internal control.**

Question	Yes	No
15.1 The organization effectively communicates relevant and timely information regarding internal control to external parties and provides appropriate communications channels i.e. investor relation and customer complain hotline.	/	
15.2 The organization provides separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication from external parties.	/	

**Monitoring Activities**

**16. The organization selects, develops, and performs ongoing and/ or separate evaluations to ascertain whether the components of internal control are present and functioning.**

Question	Yes	No
16.1 The organization develop the code of ethics and establish conflict of interests ongoing evaluation process i.e. employees perform self-evaluation and report to their supervisor and the internal auditors performs auditing and report to audit committee.	/	
16.2 Has internal evaluation this may perform by employees' self-evaluation or using internal audit to conduct separate evaluation.	/	
16.3 Management varies frequency of evaluation depending on changing condition.	/	
16.4 Evaluators who perform ongoing and separate evaluations have sufficient knowledge to understand what is being evaluated.	/	
16.5 Internal audit department has direct reported line to audit committee.	/	
16.6 The organization supports the internal audit activities to comply with International Standards for the Professional Practice of Internal Auditing, IIA.	/	



**17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.**

Question	Yes	No
17.1 The organization evaluates and communicates material internal control deficiencies in a timely manner to those parties responsible for taking corrective action	/	
17.2 The organization develop policies for reporting the control deficiency including: 17.2.1 Management report the facts and circumstances of significant fraudulent act, illegal acts and the other circumstance that impact over reputation and financial reporting to Board of Directors in a timely basis. 17.2.2 Report significant control deficiency and propose its corrective action to the board of directors/ audit committee. 17.2.3 Report status of remediation plan or corrective action to board of directors/ audit committee.	/	

# Financial Statements

## Chularat Hospital Public Company Limited and its subsidiaries Report and consolidated financial statements 31 December 2014

### Independent Auditor's Report

To the shareholders of Chularat Hospital Public Company Limited

I have audited the accompanying consolidated financial statements of Chularat Hospital Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Chularat Hospital Public Company Limited for the same period.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditor's Responsibility

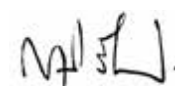
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the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

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

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

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chularat Hospital Public Company Limited and its subsidiaries and of Chularat Hospital Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

  
.....  
(Sumalee Reewarabandith)

Certified Public Accountant (Thailand) No. 3970

EY Office Limited  
Bangkok: 23 February 2015

**Chularat Hospital Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 31 December 2014**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
Assets					
Current assets					
Cash and cash equivalents	6	678,460,649	495,638,954	345,264,196	182,964,323
Current investments	7	-	630,000,000	-	610,000,000
Trade and other receivables	8	161,718,809	151,517,633	172,944,217	119,903,747
Short-term loans to subsidiary	9	-	-	55,000,000	5,100,000
Accrued medical income for treatment	10	587,243,828	411,033,424	353,063,704	282,947,951
Inventories	11	86,564,226	74,979,190	45,290,349	39,391,032
Other current assets		8,140,370	3,783,603	6,211,889	2,754,216
Total current assets		1,522,127,882	1,766,952,804	977,774,355	1,243,061,269
Non-current assets					
Investments in subsidiaries	12	-	-	1,116,430,732	916,430,732
Other long-term investment	28	-	-	-	-
Investment properties	13	114,368,885	114,368,885	39,013,000	39,013,000
Property, plant and equipment	14	1,557,332,577	1,081,546,665	572,145,016	520,967,022
Intangible assets	15	13,445,706	10,785,624	8,761,696	7,207,780
Goodwill	12	19,524,675	-	-	-
Deferred tax assets	22	3,541,494	2,439,885	1,891,719	1,526,985
Other non-current assets		35,330,727	18,384,915	22,074,651	10,318,611
Total non-current assets		1,743,544,064	1,227,525,974	1,760,316,814	1,495,464,130
Total assets		3,265,671,946	2,994,478,778	2,738,091,169	2,738,525,399

The accompanying notes are an integral part of the financial statements.



**Chularat Hospital Public Company Limited and its subsidiaries**
**Statement of financial position (continued)**
**As at 31 December 2014**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from					
financial institution	16	30,000,000	-	-	-
Trade and other payables	17	327,961,918	268,898,751	172,201,040	157,301,282
Current portion of liabilities under					
finance lease agreements		2,269,516	1,124,400	1,196,687	1,124,400
Income tax payable		42,721,344	44,233,775	21,712,613	25,336,495
Other current liabilities					
Withholding tax payable		15,809,660	12,220,396	12,921,320	10,041,112
Others		15,203,114	14,061,008	11,003,075	7,494,884
Total current liabilities		433,965,552	340,538,330	219,034,735	201,298,173
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion		7,152,737	3,903,337	2,706,722	3,903,337
Deferred tax liabilities	22	3,314,668	-	-	-
Provision for long-term employee benefits	18	16,907,470	11,399,427	8,658,596	6,834,926
Total non-current liabilities		27,374,875	15,302,764	11,365,318	10,738,263
Total liabilities		461,340,427	355,841,094	230,400,053	212,036,436

The accompanying notes are an integral part of the financial statements.

**Chularat Hospital Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2014**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
Shareholders' equity					
Share capital	19				
Registered					
1,100,000,000 ordinary shares					
of Baht 1 each		1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Issued and fully paid-up					
1,100,000,000 ordinary shares					
of Baht 1 each		1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Share premium	19	1,146,084,819	1,146,084,819	1,146,084,819	1,146,084,819
Retained earnings					
Appropriated - statutory reserve	20	110,000,000	98,350,000	110,000,000	98,350,000
Unappropriated		444,172,652	294,202,865	151,606,297	182,054,144
Equity attributable to owners of the Company		2,800,257,471	2,638,637,684	2,507,691,116	2,526,488,963
Non-controlling interests of the subsidiary		4,074,048	-	-	-
Total shareholders' equity		2,804,331,519	2,638,637,684	2,507,691,116	2,526,488,963
Total liabilities and shareholders' equity		3,265,671,946	2,994,478,778	2,738,091,169	2,738,525,399
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

Directors

**Chularat Hospital Public Company Limited and its subsidiaries**
**Statement of comprehensive income**
**For the year ended 31 December 2014**

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Revenues</b>					
Revenues from hospital operations		2,671,695,691	2,221,489,400	1,381,555,187	1,134,254,691
Dividend income from subsidiaries	12	-	-	75,000,000	177,150,000
Interest income		19,842,431	20,483,554	16,551,666	27,536,936
Other income		23,241,198	12,674,052	14,505,136	10,128,744
<b>Total revenues</b>		<b>2,714,779,320</b>	<b>2,254,647,006</b>	<b>1,487,611,989</b>	<b>1,349,070,371</b>
<b>Expenses</b>					
Cost of hospital operations		1,756,018,942	1,446,436,965	914,571,333	730,467,724
Administrative expenses		359,325,617	287,247,183	217,575,025	167,994,923
<b>Total expenses</b>		<b>2,115,344,559</b>	<b>1,733,684,148</b>	<b>1,132,146,358</b>	<b>898,462,647</b>
<b>Profit before share of loss from investment in associate, finance cost and income tax expenses</b>		<b>599,434,761</b>	<b>520,962,858</b>	<b>355,465,631</b>	<b>450,607,724</b>
Share of loss from investment in associate		-	(28,790)	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>599,434,761</b>	<b>520,934,068</b>	<b>355,465,631</b>	<b>450,607,724</b>
Finance cost		(1,169,926)	(1,902,194)	(511,586)	(897,592)
<b>Profit before income tax expenses</b>		<b>598,264,835</b>	<b>519,031,874</b>	<b>354,954,045</b>	<b>449,710,132</b>
Income tax expenses	22	(117,570,360)	(104,652,209)	(54,751,902)	(54,683,958)
<b>Profit for the year</b>		<b>480,694,475</b>	<b>414,379,665</b>	<b>300,202,143</b>	<b>395,026,174</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>480,694,475</b>	<b>414,379,665</b>	<b>300,202,143</b>	<b>395,026,174</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		480,619,777	414,379,665	300,202,143	395,026,174
Non-controlling interests of the subsidiary		74,698	-	-	-
		<u>480,694,475</u>	<u>414,379,665</u>		
<b>Earnings per share</b>					
23					
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.44</u>	<u>0.41</u>	<u>0.27</u>	<u>0.39</u>

The accompanying notes are an integral part of the financial statements.

**Chularat Hospital Public Company Limited and its subsidiaries**
**Cash flows statement**
**For the year ended 31 December 2014**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities</b>				
Profit before tax	598,264,835	519,031,874	354,954,045	449,710,132
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	135,926,239	110,861,082	78,642,835	65,919,868
Allowance for doubtful accounts (reversal)	(7,691,833)	3,748,602	(3,981,122)	1,920,136
Dividend income	-	-	(75,000,000)	(177,150,000)
Share of loss from investment in associate	-	28,790	-	-
Loss on capital return from associate	-	7,790	-	-
Loss (gain) on sales and write-offs of assets	(880,742)	3,722,967	2,804,508	(113,160)
Provision for long-term employee benefits	3,015,452	(4,921,503)	2,132,850	(2,877,057)
Interest income	(19,842,431)	(20,483,554)	(16,551,666)	(27,536,936)
Interest expenses	1,169,926	1,902,194	511,586	897,592
Profit from operating activities before changes in operating assets and liabilities	709,961,446	613,898,242	343,513,036	310,770,575
Operating assets (increase) decrease				
Trade and other receivables	(1,441,075)	(13,262,342)	(12,627,787)	(5,444,104)
Accrued medical income for treatment	(176,210,404)	(221,755,434)	(70,115,753)	(201,581,581)
Inventories	(10,935,251)	(9,658,007)	(5,899,317)	(7,736,751)
Other current assets	(4,017,841)	6,612,417	(3,457,673)	1,667,737
Other non-current assets	(10,584,103)	2,877,113	(3,698,259)	(3,291,069)
Operating liabilities increase (decrease)				
Trade and other payables	58,561,510	36,224,067	14,899,758	26,846,468
Other current liabilities	3,265,896	6,669,596	6,388,399	2,371,428
Cash paid for long-term employee benefits	(1,510,750)	(1,735,590)	(309,180)	(1,097,690)
Cash from operating activities	567,089,428	419,870,062	268,693,224	122,505,013
Cash paid for income tax	(120,255,060)	(110,919,535)	(58,740,519)	(46,417,719)
<b>Net cash from operating activities</b>	<b>446,834,368</b>	<b>308,950,527</b>	<b>209,952,705</b>	<b>76,087,294</b>

The accompanying notes are an integral part of the financial statements.

**Chularat Hospital Public Company Limited and its subsidiaries**
**Cash flows statement (continued)**
**For the year ended 31 December 2014**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investments	641,549,234	(630,000,000)	610,000,000	(610,000,000)
Decrease in restricted bank deposits	-	2,010,314	-	1,443,496
Decrease (increase) in short-term loans to subsidiaries	-	-	(49,900,000)	223,900,000
Dividend income from subsidiaries	-	-	40,000,000	137,150,000
Net cash paid for investments in subsidiaries (Note 12)	(57,625,153)	-	(200,000,000)	(712,500,000)
Cash received from the return of capital by associate	-	3,500,000	-	-
Increase in advance payment for construction of buildings	(9,637,781)	(1,501,115)	(8,057,781)	-
Acquisition of property, plant and equipment	(570,523,615)	(432,381,757)	(130,717,621)	(127,795,178)
Acquisition of intangible assets	(6,951,921)	(5,986,079)	(4,033,701)	(3,530,535)
Proceed from sales of assets	10,182,641	4,636,361	572,070	3,159,590
Interest income	18,774,163	18,681,355	15,120,105	30,379,991
<b>Net cash from (used in) investing activities</b>	<u>25,767,568</u>	<u>(1,041,040,921)</u>	<u>272,983,072</u>	<u>(1,057,792,636)</u>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institution	29,268,677	(82,103,247)	-	(55,064,418)
Repayment of short-term loans from director	-	(10,700,000)	-	-
Repayment of liabilities under finance lease agreements	(2,005,481)	(387,738)	(1,124,328)	(387,738)
Proceeds from increase in share capital	-	1,344,606,024	-	1,344,606,024
Increase in non-controlling interests of subsidiary from the investments in subsidiary	3,120,000	-	-	-
Interest expenses	(1,163,447)	(1,914,538)	(511,586)	(897,592)
Dividend paid	(318,999,990)	(255,200,000)	(318,999,990)	(255,200,000)
<b>Net cash from (used in) financing activities</b>	<u>(289,780,241)</u>	<u>994,300,501</u>	<u>(320,635,904)</u>	<u>1,033,056,276</u>
<b>Net increase in cash and cash equivalents</b>	<u>182,821,695</u>	<u>262,210,107</u>	<u>162,299,873</u>	<u>51,350,934</u>
Cash and cash equivalents at beginning of year	<u>495,638,954</u>	<u>233,428,847</u>	<u>182,964,323</u>	<u>131,613,389</u>
<b>Cash and cash equivalents at end of year</b>	<u>678,460,649</u>	<u>495,638,954</u>	<u>345,264,196</u>	<u>182,964,323</u>
	-	-	-	-

**Supplement cash flows information**
**Non-cash transactions**

Transfer advance payment for construction to buildings	3,276,072	-	-	-
Purchase of motor vehicles under finance lease agreements	6,399,997	5,415,475	-	5,415,475
Dividend receivables	-	-	75,000,000	40,000,000

The accompanying notes are an integral part of the financial statements.

**Chularat Hospital Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity**  
**For the year ended 31 December 2014**

(Unit: Baht)

	Consolidated financial statements					
	Equity attributable to owners of the Company				Equity	
	Issued and paid-up share capital	Share premium	Retained earnings		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary
Appropriated			Unappropriated			
<b>Balance as at 1 January 2013</b>	880,000,000	13,200,000	78,250,000	155,123,200	1,126,573,200	-
Increase share capital (Note 19)	220,000,000	1,132,884,819	-	-	1,352,884,819	-
Dividend paid (Note 26)	-	-	-	(255,200,000)	(255,200,000)	-
Total comprehensive income for the year	-	-	-	414,379,665	414,379,665	-
Transferred to statutory reserve (Note 20)	-	-	20,100,000	(20,100,000)	-	-
<b>Balance as at 31 December 2013</b>	1,100,000,000	1,146,084,819	98,350,000	294,202,865	2,638,637,684	-
<b>Balance as at 1 January 2014</b>	1,100,000,000	1,146,084,819	98,350,000	294,202,865	2,638,637,684	-
Dividend paid (Note 26)	-	-	-	(318,999,990)	(318,999,990)	-
Total comprehensive income for the year	-	-	-	480,619,777	480,619,777	74,698
Transferred to statutory reserve (Note 20)	-	-	11,650,000	(11,650,000)	-	-
Increase in non-controlling interests of the subsidiary	-	-	-	-	-	3,999,350
<b>Balance as at 31 December 2014</b>	1,100,000,000	1,146,084,819	110,000,000	444,172,652	2,800,257,471	2,804,331,519

The accompanying notes are an integral part of the financial statements.



Chularat Hospital Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity (continued)  
For the year ended 31 December 2014

	Separate financial statements				(Unit: Baht)	
	Issued and paid-up share capital	Share premium	Retained earnings			Total
			Appropriated	Unappropriated		
<b>Balance as at 1 January 2013</b>	880,000,000	13,200,000	78,250,000	62,327,970	1,033,777,970	
Increase share capital (Note 19)	220,000,000	1,132,884,819	-	-	1,352,884,819	
Dividend paid (Note 26)	-	-	-	(255,200,000)	(255,200,000)	
Total comprehensive income for the year	-	-	-	395,026,174	395,026,174	
Transferred to statutory reserve (Note 20)	-	-	20,100,000	(20,100,000)	-	
<b>Balance as at 31 December 2013</b>	<u>1,100,000,000</u>	<u>1,146,084,819</u>	<u>98,350,000</u>	<u>182,054,144</u>	<u>2,526,488,963</u>	
<b>Balance as at 1 January 2014</b>	1,100,000,000	1,146,084,819	98,350,000	182,054,144	2,526,488,963	
Dividend paid (Note 26)	-	-	-	(318,999,990)	(318,999,990)	
Total comprehensive income for the year	-	-	-	300,202,143	300,202,143	
Transferred to statutory reserve (Note 20)	-	-	11,650,000	(11,650,000)	-	
<b>Balance as at 31 December 2014</b>	<u>1,100,000,000</u>	<u>1,146,084,819</u>	<u>110,000,000</u>	<u>151,606,297</u>	<u>2,507,691,116</u>	

The accompanying notes are an integral part of the financial statements.

## Chularat Hospital Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2014

#### 1. General information

Chularat Hospital Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the operating of clinics and hospitals. The registered office of the Company is at 88/8-9, Teparak Km. 15 Road, Tambol Bangpla, Amphur Bangplee, Samutprakarn. As at 31 December 2014, the Company and its subsidiaries totally have 12 branches of clinics and hospitals.

#### 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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 the Thai language financial statements.

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

#### 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Chularat Hospital Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2014	2013
			Percent	Percent
<u>Subsidiaries directly held by the Company</u>				
Convenience Hospital Company Limited	Operating of clinics and hospitals	Thailand	100	100
Bangpakong Vejchakij Company Limited	Operating of clinics and hospitals	Thailand	100	100
Thai Amdon Company Limited	Distribution of medical instruments and dietary supplement	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2014</u>	<u>2013</u>
			Percent	Percent
Chularat Arkanay Hospital Company Limited (Formerly known as "Kabinburi Medical Company Limited") <u>Subsidiary held by Bangpakong Veichakij Company Limited</u>	Operating of clinics and hospitals	Thailand	100	100
Chonlavej Hospital Company Limited	Operating of clinics and hospitals	Thailand	96.38	-

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

### 3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

#### (a) Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets

TAS 38 (revised 2012) Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012) Share-based Payment

TFRS 3 (revised 2012) Business Combinations

TFRS 5 (revised 2012) Non-current Assets Held for Sale and Discontinued  
Operations

TFRS 8 (revised 2012) Operating Segments

Accounting Standard Interpretations:

TSIC 15 Operating Leases – Incentives

TSIC 27 Evaluating the Substance of Transactions Involving the  
Legal Form of a Lease

TSIC 29 Service Concession Arrangements: Disclosures

TSIC 32 Intangible Assets – Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1 Changes in Existing Decommissioning, Restoration and  
Similar Liabilities

TFRIC 4 Determining whether an Arrangement contains a Lease

TFRIC 5 Rights to Interests arising from Decommissioning,  
Restoration and Environmental Rehabilitation Funds

TFRIC 7 Applying the Restatement Approach under TAS 29  
*Financial Reporting in Hyperinflationary Economies*

TFRIC 10 Interim Financial Reporting and Impairment

TFRIC 12 Service Concession Arrangements

TFRIC 13 Customer Loyalty Programmes

TFRIC 17 Distributions of Non-cash Assets to Owners

TFRIC 18 Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

## **(b) Financial reporting standards that will become effective in the future**

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company and its subsidiaries believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

### **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

At present, the Company and its subsidiaries immediately recognise actuarial gains and losses in profit or loss in the period in which they occur. The assessment of the management of the Company and its subsidiaries is that when the revised standard is applied in 2015 and the method of recognising those gains and losses is changed to immediately recognise them in other comprehensive income, there will be no impact to provision for long-term employee benefit liabilities and retained earnings in the financial statements.

### **TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

### **IFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

### **IFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

## **4 Significant accounting policies**

### **4.1 Revenue recognition**

#### *Revenue from hospital operations*

Revenues from hospital operations, mainly consisting of medical fees, medicine sales and hospital room sales, are recognised as income when medicine delivered or services have been rendered. Except for operating revenues from the Social Security Office and National Health Security Office which are recognised as income according to annual lump sum amount and adjust relative weights per the number of registrants of the Company and its subsidiaries.



#### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

#### *Rental income*

Rental income is recognised over the rental period and at the rate determined in the agreement.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

#### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of 3 months or less and not subject to withdrawal restrictions.

### **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

### **4.4 Inventories**

Medicine and supplies are valued at the lower of cost (under the average method) and net realisable value.

Medical instruments are valued at the lower of cost (under the average method) and net realisable value.

### **4.5 Investments**

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- b) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

#### 4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any).

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### 4.7 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	-	5-20 years
Buildings and improvement, and leased buildings improvement	-	5-40 years
Tools and medical instruments	-	5-10 years
Machinery and equipment	-	5-10 years
Office furniture, fixtures and equipment	-	3-10 years
Motor vehicles	-	5-10 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### 4.8 Intangible assets

Intangible assets represent computer software which is stated at cost less accumulated amortisation and accumulated impairment losses (if any). Amortisation is calculated by reference to their costs on the straight-line basis over the estimated useful life of 3 - 5 years.

The amortisation is charged to profit or loss.

#### **4.9 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the operations of the Company and its subsidiaries.

#### **4.10 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.11 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

## 4.12 Employee benefits

### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

### ***Post-employment benefits***

#### ***Defined contribution plans***

The Company and its subsidiaries and their employees have jointly established a provident fund of each entity. The funds are monthly contributed by employees and by the Company and its subsidiaries. The funds' assets are held in a separate trust fund, and contributions of the Company and its subsidiaries are recognised as expenses when incurred.

#### ***Defined benefit plans***

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

## 4.13 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.14 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **5. 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 reported amounts 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, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Accrued medical income for treatment**

Accrued medical income for treatment represents medical income that has not been collected from the Social Security Office and National Health Security Office. The Company and its subsidiaries are not able to determine the certain amount to be collected. In this regard, the management is required to make an estimation of such accrued income in accordance with bases, methods and terms specified by such authority, and consider the amount of the latest actual collection together with the current 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 regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### **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 estimate 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 impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Intangible assets**

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management 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 recognised 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 utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.



### 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.

#### 6. Cash and cash equivalents

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash	6,037	6,402	4,138	3,060
Bank deposits	672,424	489,237	341,126	179,904
Total	<u>678,461</u>	<u>495,639</u>	<u>345,264</u>	<u>182,964</u>

As at 31 December 2014, bank deposits in saving accounts and fixed deposits carried interests between 0.13 and 3.00% per annum (2013: between 0.13 and 3.00% per annum).

#### 7. Current investments

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Fixed deposits	-	630,000	-	610,000
Total	<u>-</u>	<u>630,000</u>	<u>-</u>	<u>610,000</u>

As at 31 December 2013, current investments represented 3 - 12 months fixed deposits carried interests between 2.9 and 3.7% per annum.

## 8. Trade and other receivables

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade accounts receivable - related parties</u>				
Age of outstanding debts by due date				
Past due up to 3 months	-	-	6,840	369
Total trade accounts receivable - related parties	-	-	6,840	369
<u>Trade accounts receivable - unrelated parties</u>				
Age of outstanding debts by due date				
Past due				
Up to 3 months	128,800	125,254	64,154	62,897
3 - 6 months	14,672	17,761	8,318	8,329
6 - 12 months	9,454	8,617	5,554	4,374
Over 12 months	10,700	8,794	5,982	4,572
Total	163,626	160,426	84,008	80,172
Less: Allowance for doubtful accounts	(6,058)	(13,750)	(3,402)	(7,384)
Total trade accounts receivable - unrelated parties, net	157,568	146,676	80,606	72,788
<u>Other receivables</u>				
Other receivable - related parties	-	-	5,021	3,774
Other receivable - unrelated parties	4,151	4,842	3,412	2,943
Dividend receivable from subsidiaries	-	-	75,000	40,000
Interest receivable from subsidiary	-	-	2,065	30
Total other receivables	4,151	4,842	85,498	46,747
Total trade and other receivables - net	161,719	151,518	172,944	119,904

## 9. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiaries and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2014	2013	2014	2013	
<u>Transactions with subsidiaries</u>					
<i>(Eliminated from the consolidated financial statements)</i>					
Sales of medicine and supplies	-	-	1	1	At cost
Purchases of medicine and supplies	-	-	1	-	At cost
Medical service expenses	-	-	1	1	Market price
Rental income	-	-	1	1	Contract price
Rental expenses	-	-	1	1	Contract price
Interest income	-	-	2	10	Rates of 3 - 5% per annum
Sales of medical instruments	-	-	2	9	Market price
Purchases of medical instruments	-	-	13	13	Market price
Purchases of supplies	-	-	-	1	Market price
<u>Transactions with director</u>					
Purchase of fixed assets	-	1	-	-	Contract price

As at 31 December 2014 and 2013, the balances of accounts between the Company and related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<u>Trade and other receivables - related parties (Note 8)</u>				
Subsidiaries	-	-	11,861	4,143
	-	-	11,861	4,143
<u>Dividend receivable from subsidiaries (Note 8)</u>				
Subsidiaries	-	-	75,000	40,000
	-	-	75,000	40,000
<u>Interest receivable from subsidiary (Note 8)</u>				
Subsidiary	-	-	2,065	30
	-	-	2,065	30
<u>Short-term loans to subsidiary</u>				
Subsidiary	-	-	55,000	5,100
	-	-	55,000	5,100
<u>Trade and other payables - related parties (Note 17)</u>				
Subsidiaries	-	-	296	8,568
Related company	62	817	-	448
	62	817	296	9,016

### Short-term loans to subsidiary

As at 31 December 2014 and 2013, the balance of loans between the Company and those related party and the movement are as follows:

(Unit: Thousand Baht)

Loans to	Related by	Separate financial statements			Balance as at 31 December 2014
		Balance as at 31 December 2013	Increase during the year	Decrease during the year	
Chularat Arkanay Hospital Company Limited	Subsidiary company	5,100	49,900	-	55,000
Total		5,100	49,900	-	55,000

### Directors and management's benefits

During the years ended 31 December 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term employee benefits	88	74	44	39
Total	88	74	44	39

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its subsidiaries, as described in Note 27.3 a) to the financial statements, with free of charge.

## 10. Accrued medical income for treatment

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b><u>Social Security Office</u></b>				
Accrued medical income for treatment of chronic diseases	131,790	106,020	55,250	42,420
Accrued medical income for treatment provided to patients with severe diseases	273,246	111,869	152,575	70,011
Accrued social security income - others	132,401	75,624	94,297	52,047
Total	537,437	293,513	302,122	164,478

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b><u>National Health Security Office</u></b>				
Accrued medical income for treatment	54,246	121,959	52,307	119,835
Total accrued medical income for treatment	591,683	415,472	354,429	284,313
Less: Allowance for doubtful accounts	(4,439)	(4,439)	(1,365)	(1,365)
Total accrued medical income for treatment - net	<u>587,244</u>	<u>411,033</u>	<u>353,064</u>	<u>282,948</u>

The Company and its subsidiaries are not able to determine the certain amount of medical income for treatment provided to patients with severe diseases and medical income for treatment of chronic diseases, that has not been collected from the Social Security Office and National Health Security Office. In this regard, the management of the Company and its subsidiaries makes an estimation of accrued income based on the amount of the latest actual collection together with the current circumstances. The management believes that the actual results will not significantly differ from the estimate.

## 11. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Medicine	56,258	43,766	(273)	(273)	55,985	43,493
Medical supplies	6,816	7,395	-	-	6,816	7,395
Medical instrument	2,262	2,725	-	-	2,262	2,725
Other supplies	21,501	21,366	-	-	21,501	21,366
Total	86,837	75,252	(273)	(273)	86,564	74,979

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Medicine	29,744	24,178	-	-	29,744	24,178
Medical supplies	2,487	2,505	-	-	2,487	2,505
Other supplies	13,059	12,708	-	-	13,059	12,708
Total	45,290	39,391	-	-	45,290	39,391

## 12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	2014	2013	2014	2013	2014	2013	2014	2013
			(%)	(%)				
Convenience Hospital Company Limited	500,000	500,000	100	100	500,000	500,000	50,000	106,650
Bangpakong Vejchakij Company Limited	500,000	300,000	100	100	510,751	310,751	25,000	70,500
Thai Amdon Company Limited	30,000	30,000	100	100	30,680	30,680	-	-
Chularat Arkanay Hospital Company Limited	75,000	75,000	100	100	75,000	75,000	-	-
Total					1,116,431	916,431	75,000	177,150

### Investment in Bangpakong Vejchakij Company Limited

On 12 May 2014, the Extraordinary General Meeting of the shareholders of Bangpakong Vejchakij Company Limited approved the change of the par value of the ordinary shares from Baht 10 to Baht 5 per share and approved an increase in its registered share capital from Baht 300 million (30,000,000 ordinary shares of Baht 10 each) to Baht 500 million (100,000,000 ordinary shares of Baht 5 each) through the issuance of 40 million ordinary shares with a par value Baht 5 per share. The Company purchased such additionally issued ordinary shares amounting to Baht 200 million to maintain its existing shareholding. Such company registered the increase share capital with the Ministry of Commerce on 23 May 2014.

### **Subsidiary held through Bangpakong Vejchakij Company Limited**

#### Investment in Chonlavej Hospital Company Limited

On 3 February 2014 (the acquisition date), Bangpakong Vejchakij Company Limited (a subsidiary) purchased 159,628 ordinary shares of Chonlavej Hospital Company Limited, representing 96.74% of the total issued and paid-up capital from the existing shareholders, at the price of Baht 360 per share. The total cost of the purchase amounted to Baht 57.47 million and on 23 March 2014, the subsidiary additionally purchased 1,700 ordinary shares of such company, amount of Baht 0.61 million. As a result, the subsidiary's shareholding in that company increased to 97.77% and the Company has 97.77% indirect shareholding in such company.



Values of assets acquired and liabilities assumed from Chonlavej Hospital Company Limited as at the acquisition date were summarised below.

	(Unit: Thousand Baht)	
	Fair value at the acquisition date	Carrying values at the acquisition date
Cash and cash equivalents	453	453
Current investments	11,550	11,550
Inventories	649	649
Other current assets	339	339
Property, plant and equipment	36,522	19,596
Bank overdrafts and short-term loans from financial institution	(731)	(731)
Trade and other payables	(495)	(495)
Other current liabilities	(1,466)	(1,466)
Provision for long-term employee benefits	(4,003)	(4,003)
Deferred tax liabilities	(3,385)	-
Net assets of the subsidiary	39,433	25,892
Net assets of the subsidiary in the company's proportion (97.77%)	38,553	25,315
Add: The difference between the cash payment for purchase of investments and the net assets of the subsidiary in the company's proportion	-	32,763
Add: Goodwill	19,525	-
Cash payment for purchase of investments in subsidiary	58,078	58,078
Less: Cash and cash equivalents of the subsidiary	(453)	(453)
Net cash payment for purchase of investments in subsidiary	57,625	57,625

Goodwill of Baht 19.53 million from business combination mainly comprises future business expansion.

On 20 August 2014, the Extraordinary General Meeting of the shareholders of Chonlavej Hospital Company Limited approved the change of the par value of the ordinary shares from Baht 100 to Baht 5 per share and approved an increase in its registered share capital from Baht 16.5 million (165,000 ordinary shares of Baht 100 each) to Baht 100 million (20,000,000 ordinary shares of Baht 5 each) through the issuance of 16.7 million ordinary shares with a par value Baht 5 per share. The subsidiary purchased such additionally issued ordinary shares for a total of Baht 80.4 million and sold to minor shareholders for a total of Baht 3.1 million. As a result, the Company and the subsidiary's shareholding in such company decreased to 96.38%. Such company registered the increase share capital with the Ministry of Commerce on 22 December 2014.

### Akanae Medical Service Company Limited

On 15 January 2014, the Board of Directors of the Company passed a resolution approving Bangpakong Vejchakij Company Limited, a subsidiary, to purchase 132,000 ordinary shares, representing 100% of the total issued and paid-up capital from the existing shareholders of Akanae Medical Service Company Limited. The total cost of the purchase amounted to Baht 42 million. As at 31 December 2014, the subsidiary is in the process of negotiation with such company.

### **13. Investment properties**

The investment properties of the Company and its subsidiaries are land awaiting development. A reconciliation of the net book value of investment properties for the years 2014 and 2013 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net book value at beginning of year	114,369	114,369	39,013	39,013
Net book value at end of year	<u>114,369</u>	<u>114,369</u>	<u>39,013</u>	<u>39,013</u>

The fair value of the investment properties as at 31 December 2014 and 2013 stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land awaiting development	159,041	159,041	57,140	57,140

The fair value of the above investment properties has been determined based on market price by an accredited independent valuer.

#### 14. Property, plant and equipment

	Consolidated financial statements						(Unit: Thousand Baht)
	Land and land improvement	Buildings and improvement, and leased buildings	Tools and medical instruments	Machinery and equipment	Office furniture, fixtures and equipment	Motor vehicles	
Cost							Total
1 January 2013	209,102	592,469	334,819	24,215	264,628	50,277	1,526,228
Additions	127,753	4,928	87,636	4,805	24,351	15,290	437,457
Disposals/ write-off	-	(672)	(33,677)	-	(11,245)	(2,131)	(48,162)
Transfers in (out)	3,232	34,124	26,780	424	12,375	1,126	-
31 December 2013	340,087	630,849	415,558	29,444	290,109	64,562	1,915,523
Additions	112,614	8,902	107,571	873	37,856	13,036	580,201
Increase from acquisition of subsidiary	17,800	25,034	11,372	-	11,518	3,022	68,746
Disposals/ write-off	(70)	(7,758)	(25,646)	(665)	(33,451)	(6,996)	(76,659)
Transfers in (out)	1,042	27,190	2,792	-	4,885	6,372	-
31 December 2014	471,473	684,217	511,647	29,652	310,917	79,996	2,487,811
<b>Accumulated depreciation</b>							
1 January 2013	8,191	291,768	221,388	18,415	197,223	30,041	767,026
Depreciation for the year	1,321	27,415	45,847	2,131	25,200	5,583	107,497
Depreciation on disposals/ write-off	-	(689)	(27,100)	-	(11,080)	(1,698)	(40,547)
31 December 2013	9,512	318,514	240,135	20,546	211,343	33,926	833,976
Increase from acquisition of subsidiary	-	10,174	10,797	-	9,208	2,045	32,224
Depreciation for the year	2,159	30,617	56,831	2,484	30,956	8,587	131,634
Depreciation on disposals/ write-off	(70)	(6,764)	(22,629)	(362)	(32,652)	(4,879)	(67,356)
31 December 2014	11,601	352,541	285,134	22,668	218,855	39,679	930,478
<b>Net book value</b>							
31 December 2013	330,575	312,335	175,423	8,898	78,766	30,636	1,081,547
31 December 2014	459,872	331,676	226,513	6,984	92,062	40,317	1,557,333
<b>Depreciation for the year</b>							
Year 2013 (Baht 89 million included in cost of hospital operations, and the balance in administrative expenses)							107,497
Year 2014 (Baht 109 million included in cost of hospital operations, and the balance in administrative expenses)							131,634

	Separate financial statements						(Unit: Thousand Baht)
	Land and land improvement	Buildings and improvement	Tools and medical instruments	Machinery and equipment	Office furniture, fixtures and equipment	Motor vehicles	
						Construction in progress	Total
<b>Cost</b>							
1 January 2013	117,834	411,403	183,707	14,894	145,851	26,260	906,412
Additions	3,442	3,366	69,931	12	12,095	12,943	133,210
Disposals/write-off	-	(672)	(21,907)	-	(8,600)	(934)	(32,171)
Transfers in (out)	2,660	8,603	14,290	-	6,012	1,097	-
31 December 2013	123,936	422,700	246,021	14,906	155,358	39,366	1,007,451
Additions	1,055	6,059	48,356	-	19,205	5,629	130,717
Disposals/write-off	(70)	(935)	(21,095)	-	(22,170)	(400)	(44,670)
Transfers in (out)	1,042	3,306	1,598	-	3,443	3,057	-
31 December 2014	125,963	431,130	274,880	14,906	155,836	47,652	1,093,498
<b>Accumulated depreciation</b>							
1 January 2013	5,163	179,873	135,821	10,771	107,708	12,902	452,238
Depreciation for the year	971	18,988	26,404	859	13,005	3,547	63,774
Depreciation on disposals/write-off	-	(669)	(19,806)	-	(8,552)	(501)	(29,528)
31 December 2013	6,134	198,192	142,419	11,630	112,161	15,948	486,484
Depreciation for the year	1,543	21,439	31,266	860	15,768	5,287	76,163
Depreciation on disposals/write-off	(70)	(906)	(18,227)	-	(22,009)	(82)	(41,294)
31 December 2014	7,607	218,725	155,458	12,490	105,920	21,153	521,353
<b>Net book value</b>							
31 December 2013	117,802	224,508	103,602	3,276	43,197	23,418	520,967
31 December 2014	118,356	212,405	119,422	2,416	49,916	26,499	572,145
<b>Depreciation for the year</b>							
Year 2013 (Baht 56 million included in cost of hospital operations, and the balance in administrative expenses)						5,164	63,774
Year 2014 (Baht 67 million included in cost of hospital operations, and the balance in administrative expenses)						43,131	76,163

The Company and its subsidiaries have mortgaged their land and constructions thereon with the net book value as at 31 December 2014 amounting to approximately Baht 367 million (2013: Baht 382 million) as collateral against credit facilities received from banks (Separate financial statements: Baht 194 million, 2013: Baht 208 million).

As at 31 December 2014, certain items of buildings and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 435 million (2013: Baht 397 million) (Separate financial statements: Baht 220 million, 2013: Baht 224 million).

As at 31 December 2014, the Company and its subsidiaries had vehicles with net book value of Baht 9 million (2013: Baht 4 million) (Separate financial statements: Baht 3 million, 2013: Baht 4 million) which were acquired under finance lease agreements.

#### 15. Intangible assets

The net book value of intangible assets, which are computer software, as at 31 December 2014 and 2013 is presented below.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2014	2013	2014	2013
<b>Cost</b>				
Balance - beginning of year	21,061	15,798	14,857	12,033
Additions	6,952	5,987	4,034	3,530
Write-off	-	(724)	-	(706)
Balance - end of year	28,013	21,061	18,891	14,857
<b>Accumulated amortisation</b>				
Balance - beginning of year	10,275	7,231	7,649	5,808
Amortisation for the year	4,292	3,364	2,480	2,146
Write-off	-	(320)	-	(305)
Balance - end of year	14,567	10,275	10,129	7,649
<b>Net book value</b>	<b>13,446</b>	<b>10,786</b>	<b>8,762</b>	<b>7,208</b>

#### 16. Short-term loans from financial institution

As at 31 December 2014, a subsidiary has loans from a local financial institution, amounting to Baht 30 million (31 December 2013: none), bearing interests between 3.85 and 4.125% per annum and payment maturity within March 2015.

Short-term loans facilities from financial institution of the Company and its subsidiary are secured by the mortgage of land with structures thereon of the Company and its subsidiaries.

## 17. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade accounts payable - unrelated parties	132,157	117,015	74,108	72,081
Trade accounts payable - related parties	-	369	25	2,233
Other payables - unrelated parties	90,515	48,437	44,894	25,435
Other payables - related parties	62	448	271	6,783
Accrued physicians' fee	62,398	70,827	30,471	34,309
Accrued expenses	42,830	31,803	22,432	16,460
Total trade and other payables	<u>327,962</u>	<u>268,899</u>	<u>172,201</u>	<u>157,301</u>

## 18. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the company, was as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Defined benefit obligation at beginning of year</b>	11,399	18,056	6,835	10,810
Increase from acquisition of subsidiary	4,003	-	-	-
Current service cost	2,384	3,345	1,740	1,965
Interest cost	631	698	393	425
Benefits paid during the year	(1,510)	(1,736)	(309)	(1,098)
Actuarial gain	-	(8,964)	-	(5,267)
<b>Provisions for long-term employee benefits at end of year</b>	<u>16,907</u>	<u>11,399</u>	<u>8,659</u>	<u>6,835</u>

Long-term employee benefit expenses included in the profit or loss consist of the following:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current service cost	2,384	3,345	1,740	1,965
Interest cost	631	698	393	425
Actuarial gain recognised during the year	-	(8,964)	-	(5,267)
<b>Total expenses (income) recognised in profit or loss</b>	<u>3,015</u>	<u>(4,921)</u>	<u>2,133</u>	<u>(2,877)</u>



	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Line items in profit or loss under which such expenses (income) are included				
Cost of hospital operations	676	(2,186)	374	(1,263)
Administrative expenses	2,339	(2,735)	1,759	(1,614)

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.6	4.6	4.6	4.6
Future salary increase rate	5.3	5.3	5.3	5.3
Staff turnover rate (depending on age of employees)	11.0 - 23.0	11.0 - 23.0	11.0 - 23.0	11.0 - 23.0

The amounts of defined benefit obligations and experience adjustments for the current year and the past three years are as follows:

	(Unit: Thousand Baht)			
	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2014	16,907	8,659	-	-
Year 2013	11,399	6,835	(5,928)	(5,026)
Year 2012	18,056	10,810	1,165	435
Year 2011	14,225	8,934	-	-

## 19. Share capital

During 8 - 10 May 2013, the Company offered 220 million ordinary shares, with a par value of Baht 1 each, at a price of Baht 6.3 each through Initial Public Offering. The Company registered the increase of its issued and paid-up share capital by Baht 880 million (880 million ordinary shares with a par value of Baht 1 each) to Baht 1,100 million (1,100 million ordinary shares with a par value of Baht 1 each) with the Ministry of Commerce on 14 May 2013, and the Stock Exchange of Thailand approved the 1,100 million ordinary shares with a par value of Baht 1 each as listed securities to be traded, effective from 16 May 2013. The Company incurred expenses relating to the shares offering totaling Baht 33 million (net of income tax of Baht 8 million), and these were presented as a deduction from the premium on ordinary shares.

## 20. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act. B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered share capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

## 21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Salaries and wages and other employee benefits	718,029	587,435	371,851	299,213
Physicians' fee	551,963	453,438	280,918	228,665
Depreciation and amortisation	135,926	110,861	78,643	65,920
Rental expenses from operating lease agreements	10,537	8,515	2,885	2,646
Inventories used	465,225	355,446	264,003	193,960

## 22. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Current income tax:</b>				
Current income tax charge	118,742	95,042	55,117	45,610
Effects of income tax related to the share offering (Note 19)	-	8,279	-	8,279
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,172)	1,331	(365)	795
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>117,570</u>	<u>104,652</u>	<u>54,752</u>	<u>54,684</u>

The reconciliation between accounting profit and income tax expense is shown below.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2014	2013	2014	2013
Accounting profit before tax	598,265	519,032	354,954	449,710
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	119,653	103,806	70,991	89,942
Effects of:				
Non-deductible expenses	448	1,304	348	682
Dividend income exempt	-	-	(15,000)	(35,430)
Additional expense deductions allowed	(2,531)	(458)	(1,587)	(510)
Total	(2,083)	846	(16,239)	(35,258)
Income tax expenses reported in the statement of comprehensive income	117,570	104,652	54,752	54,684

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	as at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>Deferred tax assets</b>				
Allowance for diminution in value of investment	160	160	160	160
Provision for long-term employee benefits	3,381	2,280	1,732	1,367
Total	3,541	2,440	1,892	1,527
<b>Deferred tax liabilities</b>				
Gain on fair value adjustment of fixed assets of subsidiary as at acquisition date	3,315	-	-	-
Total	3,315	-	-	-

## 23. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit for the year (Thousand Baht)	480,620	414,380	300,202	395,026
Weighted average number of ordinary shares				
(Thousand shares)	1,100,000	1,019,836	1,100,000	1,019,836
Earnings per share (Baht per share)	0.44	0.41	0.27	0.39

## 24. 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 to the segment and assess its performance. The chief operating decision maker has been identified as the executive committee.

The Company and its subsidiaries have two reportable segments that are hospital operations and other businesses that support hospital business including distribution of medical instruments. These two segments have similar economic characteristics. They both have common customer group, similar service provision methods and similar management. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

For the year 2014, the Company and its subsidiaries have revenue from two major customers in amount of Baht 1,085 million and Baht 226 million, arising from hospital business (2013: Baht 928 million and Baht 156 million derived from two major customers, arising from hospital business).

## 25. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund monthly at the rates of 2% and 3% of basic salary. The fund, which is managed by the TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2014, the Company and its subsidiaries contributed Baht 6 million (2013: Baht 5 million) (Separate financial statements: Baht 3 million, 2013: Baht 3 million) to the fund.

## 26. Dividend paid

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2012	Annual General Meeting of the shareholders on 28 March 2013	57,200	0.065
Interim dividends on operating results for the six-month period ended 30 June 2013	Board of Directors' Meeting on 13 August 2013	99,000	0.090
Interim dividends on retained earnings and operating results for the nine-month period ended 30 September 2013	Board of Directors' Meeting on 11 November 2013	99,000	0.090
Total dividends for 2013		255,200	0.245
Final dividends for 2013	Annual General Meeting of the shareholders on 22 April 2014	99,000	0.090
Interim dividends on operating results for the six-month period ended 30 June 2014	Board of Directors' Meeting on 11 August 2014	110,000	0.100
Interim dividends on operating results for the nine-month period ended 30 September 2014	Board of Directors' Meeting on 10 November 2014	110,000	0.100
Total dividends for 2014		319,000	0.290

## 27. Commitments and contingent liabilities

### 27.1 Capital commitments

- a) The Company and its subsidiaries had capital commitments relating to the construction of buildings and the acquisition of tools and equipment as follows:

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Construction of building	80	44	76	9
Acquisition of tools and equipment	103	41	26	18

- b) As at 31 December 2014, the Company had capital commitment amounting to Baht 225 million (2013: Baht 225 million) in respect of the uncalled portion of investment in the subsidiary.

### 27.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, buildings and motor vehicles, including service agreements. The terms of the agreements are generally between 1 and 4 years.

Future minimum lease payments required under these operating leases contracts were as follows.

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Payable:				
In up to 1 year	27	22	13	11
In over 1 year and up to 4 years	6	7	2	3



### 27.3 Guarantees

- a) As at 31 December 2014, the Company has guaranteed bank credit facilities of two subsidiaries amounting to Baht 169 million (2013: Baht 190 million).
- b) As at 31 December 2014, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries amounting to Baht 31 million (2013: Baht 53 million) (Separate financial statements: Baht 11 million, 2013: Baht 20 million), in respect of certain performance bonds as required in the normal course of business. The details of the letters of bank guarantee are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Guarantee contractual performance	25	48	9	18
Guarantee electricity use	6	5	2	2
Total	<u>31</u>	<u>53</u>	<u>11</u>	<u>20</u>

### 28. Other long-term investment

This represents an investment in 8,000 ordinary shares of UB (Thailand) Company Limited, representing 10% of the share capital of such company. The balance of this investment as at 31 December 2014 and 2013 are as follows:

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements	
	<u>2014</u>	<u>2013</u>
Investment in UB (Thailand) Company Limited - cost	800	800
Less: Allowance for impairment of investment	<u>(800)</u>	<u>(800)</u>
Net	<u>-</u>	<u>-</u>

## **29. Financial instruments**

### **29.1 Financial risk management**

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, short-term loans to subsidiary, short-term loans from financial institution, trade and other payables and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

#### ***Interest rate risk***

The Company's and its subsidiaries' exposures to interest rate risk relate primarily to their deposits with financial institutions, short-term loans, and short-term borrowings. Most of the financial assets and liabilities of the Company and its subsidiaries bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2014						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalents	354	-	194	130	678	0.13 - 3.00
Trade and other receivables	-	-	-	162	162	-
	<u>354</u>	<u>-</u>	<u>194</u>	<u>292</u>	<u>840</u>	
<b>Financial liabilities</b>						
Short-term loans to financial institution	30	-	-	-	30	3.85 - 4.125
Trade and other payables	-	-	-	328	328	-
Liabilities under finance lease agreements	2	7	-	-	9	5.49 - 6.25
	<u>32</u>	<u>7</u>	<u>-</u>	<u>328</u>	<u>367</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalents	207	-	246	43	496	0.13 - 3.00
Current investments	630	-	-	-	630	2.90 - 3.70
Trade and other receivables	-	-	-	152	152	-
	<u>837</u>	<u>-</u>	<u>246</u>	<u>195</u>	<u>1,278</u>	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	269	269	-
Liabilities under finance lease agreements	1	4	-	-	5	6.25
	<u>1</u>	<u>4</u>	<u>-</u>	<u>269</u>	<u>274</u>	

(Unit: Million Baht)

## Separate financial statements as at 31 December 2014

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalents	172	-	58	115	345	0.13 - 2.75
Trade and other receivables	-	-	-	173	173	-
Short-term loans to subsidiary	55	-	-	-	55	5.00
	<u>227</u>	<u>-</u>	<u>58</u>	<u>288</u>	<u>573</u>	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	172	172	-
Liabilities under finance lease agreements	1	3	-	-	4	6.25
	<u>1</u>	<u>3</u>	<u>-</u>	<u>172</u>	<u>176</u>	

(Unit: Million Baht)

## Separate financial statements as at 31 December 2013

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalents	2	-	149	32	183	0.13 - 2.75
Current investments	610	-	-	-	610	3.15 - 3.70
Trade and other receivables	-	-	-	120	120	-
Short-term loans to subsidiary	5	-	-	-	5	5.00
	<u>617</u>	<u>-</u>	<u>149</u>	<u>152</u>	<u>918</u>	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	157	157	-
Liabilities under finance lease agreements	1	4	-	-	5	6.25
	<u>1</u>	<u>4</u>	<u>-</u>	<u>157</u>	<u>162</u>	

**Foreign currency risk**

The Company and its subsidiaries do not consider themselves exposed to foreign currency risk because they have no significant foreign currency transactions.

## **29.2 Fair values of financial instruments**

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature or loans and borrowings bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

## **30. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2014, the Group's debt-to-equity ratio was 0.16:1 (2013: 0.13:1) and the Company's was 0.09:1 (2013: 0.08:1).

## **31. Events after the reporting period**

On 23 January 2015, the Board of Directors Meeting passed the following resolutions:

1. Approve the resolution to pay a dividend of Baht 0.1 per share, or a total of Baht 110 million, to the shareholders in respect of the profit for the year 2014.
2. Approve the change of the par value of its ordinary shares from Baht 1 per share (1,100 million shares) to Baht 0.1 per share (11,000 million shares).

The above resolutions will be proposed to the Annual General Meeting of shareholders for the year 2015 for approval.

## **32. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2015.



กลุ่มโรงพยาบาลจุฬารัตน์  
CHULARAT HOSPITAL GROUP

Call Center

1609



### โรงพยาบาลจุฬารัตน์ 3 เทพารักษ์

ถนนเทพารักษ์ กม.14.5 ตำบลบางปลา  
อำเภอบางพลี จ.สมุทรปราการ 10540  
โทรศัพท์ : 0-2769-2900  
แฟกซ์ : 02-769-2967



### โรงพยาบาลจุฬารัตน์ 9 กิ่งแก้ว

90/5 หมู่ 13 ตำบลราชาเทวะ อำเภอบางพลี  
จังหวัดสมุทรปราการ 10540  
โทรศัพท์ : 0-2738-9900-7  
แฟกซ์ : 02-738-9740



### โรงพยาบาลจุฬารัตน์ 11 บางปะกง

185/1 หมู่ 1 ตำบลบางวัว อำเภอบางปะกง  
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