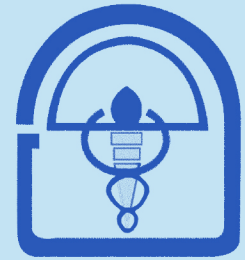


บริษัท โรงพยาบาลเอกชล จำกัด (มหาชน)  
Aikchol Hospital Public Company Limited

# รายงานประจำปี 2555 2012 Annual Report





# กิจกรรมในรอบปี 2555



EVENT DURING 2012

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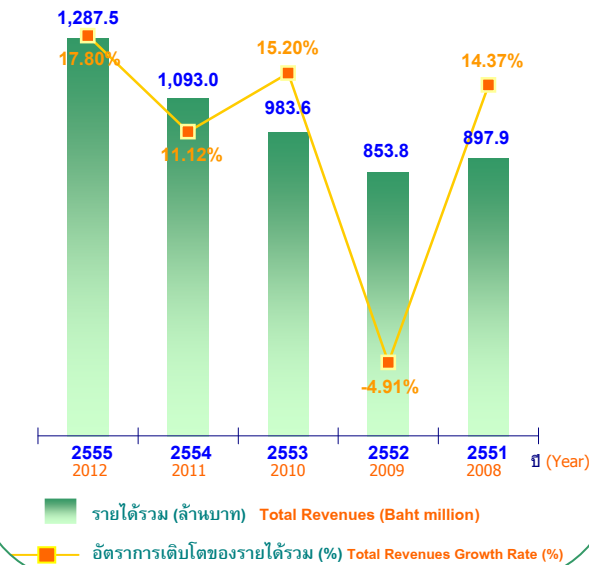


# จุดเด่นแห่งปี

## Highlights of the Year

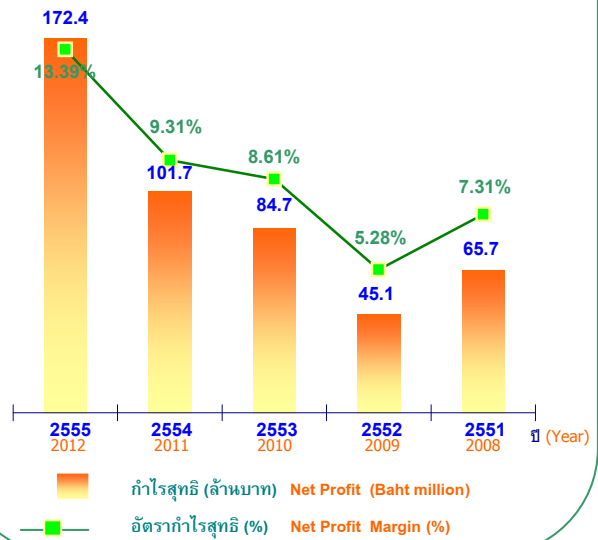
รายได้รวม และ อัตราการเติบโต

Total Revenues and Growth Rate



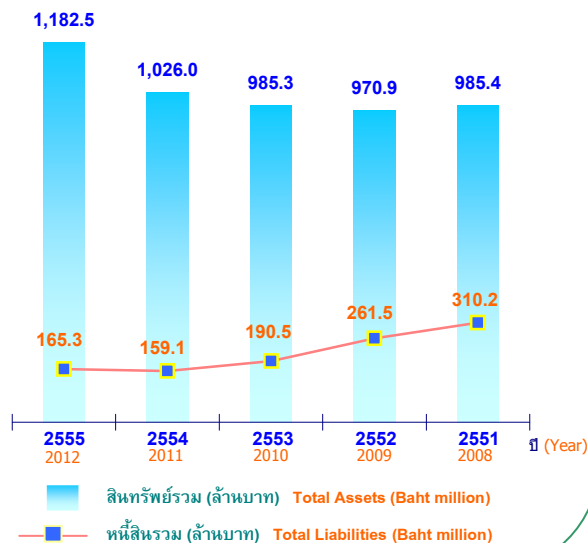
กำไรสุทธิ และ อัตรากำไรสุทธิ

Net Profit and Net Profit Margin



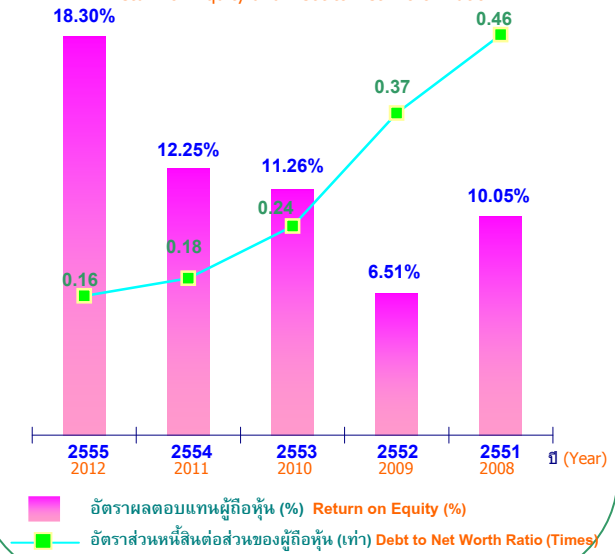
สินทรัพย์รวม และ หนี้สินรวม

Total Assets and Total Liabilities



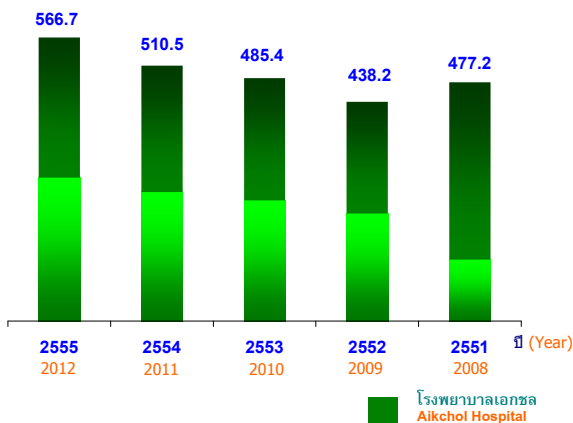
อัตราผลตอบแทนผู้ถือหุ้น และ อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น

Return on Equity and Debt to Net Worth Ratio



จำนวนผู้ป่วยนอก

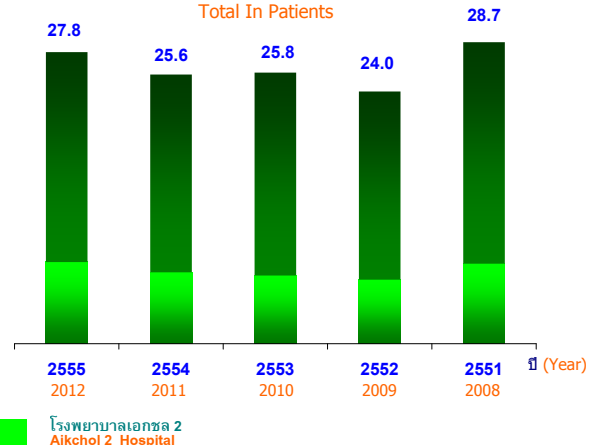
Total Out Patients



หน่วย : พันราย  
Unit : Thousand

จำนวนผู้ป่วยใน

Total In Patients





## Message from the Chairman of the Board

### To the Shareholders of Aikchol Hospital Public Company Limited

The ongoing operations of both Aikchol Hospitals have been performing smoothly and effectively for over 30 years with record number of patients in 2012 amidst high competition. The Management therefore would like to take this opportunity to thank all our Shareholders for their supports in the course of providing medical care to fellow humankind.

In the year 2013, both Hospitals not only cater to the general patients, but the Aikchol 2 Hospital has received an increase in the Social Security quota amounting to 130,000 members, which represents another means of our contribution towards the community's well-being.

The prevailing and ever-changing economic problems remain an important issue for the Management. Investment considerations must be weighed carefully with emphasis given to providing the best medical care to our patients under the highest standards and using the most modern equipments. Our responsibilities towards the general public continue unabated : the Hospitals have been sponsoring trainings on CPR techniques for staff of various foundations and contract companies, together with staging blood donation events "Aikchol Blood Drive" for dissemination to nearby hospitals. A number of academic scholarships have also been awarded to state universities in support of developments in their respective nursing programs.

Throughout the year 2012, the following development projects have taken place at both Hospitals to accommodate rising number of patients with increasingly more complicated illnesses:

**Pediatric Clinic :** More medical personnel have been recruited along with new high-technology equipments acquired to cope with the demands.

**Ob-Gyn Clinic :** To accommodate more mothers choosing our popular all-inclusive delivery packages, a large sum has been invested in both personnel and equipments in caring for both the mothers and the newborns.

**X-ray Clinic :** Realizing the importance of accurate and early detection of breast cancer in women, the Hospital has acquired the new Digital Mammogram X-ray machine currently in use with great success.

**Cardiac Care Clinic :** Continuous developments and improvements have been made in this important area with the new Cath Lab facility being installed for completion by mid-2013.

Furthermore, the Aikchol Hospital has acquired a land area next to the Hospital for future expansion in order to accommodate the ever-increasing number of patients each year.



On behalf of the Board of Directors, I would like to thank all Shareholders, customers, our team of hospital administrators, physicians, nurses, medical staff, and including all employees of the Company for your consistent support and collaboration in the Company's operations.

I hope that together we will continue to develop this Company and bring us a greater stability and success into the future.

A handwritten signature in black ink, reading "A. Vanich".

(Mr. Apirag Vanich)

**Chairman of the Board**

Aikchol Hospital Public Company Limited



## Shareholding Structure

As at November 19, 2012, the names of the top 10 major shareholders of Aikchol Hospital Public Company Limited are as follows.

Seq.	Shareholders Name	Number of Shares	%
1	Mr.Apirag Vanich *	24,814,160	19.85
2	Mrs.Tuanjit Kittiwut	8,328,450	6.66
3	Mr.Tasha Kanjanapanyakom	5,165,330	4.13
4	Ms.Roschana Vanich	5,022,450	4.02
5	Ms.Oranuj Vanich	4,834,180	3.87
6	Mrs.Nualchan Ratanakulsereroenrit	4,483,330	3.59
7	Ms.Aungkhana Vanich	4,438,320	3.55
8	F&S 79 Co., Ltd.	4,250,000	3.40
9	Mrs.Anchalee Tephabuttra	4,098,310	3.28
10	Mrs.Narutt Chitrudiamphai	4,022,440	3.22

Source: Thailand Securities Depository Company Limited.

Remark \* Including the shareholders pursuant to Section 258 of the Securities and Exchange Acts.

## Dividend Policy

Unless otherwise proposed, the Board of Directors has a policy of paying the company's dividends to the shareholders in the amount not less than 50% of net profits after tax.

Dividend payments for the operational results for the following five years (Year 2007-2011) are:

Year	Dividends payment	Dividends payment Rate/Share	Date of dividends payment
2011	January 2011 to December 2011	3.50 Baht/Share	8 May, 2012
2010	January 2010 to December 2010	2.50 Baht/Share	6 May, 2011
2009	January 2009 to December 2009	1.10 Baht/Share	10 May, 2010
2008	January 2008 to December 2008	1.25 Baht/Share	18 May, 2009
2007	January 2007 to December 2007	1.00 Baht/Share	20 May, 2008



## Management Structure

Management consists of the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, the Executive Board, and the Consultants.

### Board of Directors (as of December 31, 2012)

The Board of Directors consists of 10 honorary Directors who are the Executive Directors, Non-Executive Directors and the Independent Directors as follows:

	Name		Position
1	Mr.Apirag	Vanich	Chairman
2	Mr.Vichai	Dhepchalerm	Vice-Chairman, Independent Director
3	Mrs.Phorthana	Manoch	Vice-Chairman
4	Dr.Sucha	Nimmannit	Director
5	Dr.Krisada	Banchuin	Director, Independent Director
6	Mr.Sirichai	Manoch	Director
7	Mrs.Kanchana	Chitrudiamphai	Director
8	Sec.Lieut.Kitti	Toranin	Director, Independent Director
9	Prof.Dr.Sawaek	Weerakiet	Director, Independent Director
10	Ms.Oranuj	Vanich	Director

Remark Additional information regarding the Board of Directors:

A) Record of legal offences	None
B) Debts owed to the company	None

### Scope of duties and responsibilities of the Board of Directors

- (1) Perform duties according to laws, the company's objectives and the Articles of Association.
- (2) Decide important policies and formulate strategies, financial objectives, other plans, and budgets and implement such plan(s).
- (3) Consistently follow and assess performance of management divisions, including determining the remuneration.
- (4) Ensure the accountability of Financial Report Systems and audits, and take risk assessments and formulate appropriate internal controls.





- (5) Resolve conflicts of interest, including improper use of company assets and wrongful acts between connected persons.

#### **Audit Committee** (as of December 31, 2012)

The Audit Committee comprises 4 Honorary Directors and the Independent Directors, one-four of them is knowledgeable and experienced in Accounting and Finance.

Members are:

	<b>Name</b>		<b>Position</b>
<b>1</b>	Mr.Vichai	Dhepchalerm	Chairman of the Audit Committee
<b>2</b>	Sec.Lieut.Kitti	Toranin	Member of the Audit Committee
<b>3</b>	Dr.Krisada	Banchuin	Member of the Audit Committee
<b>4</b>	Prof.Dr.Sawaek	Weerakiet	Member of the Audit Committee

#### **Scope of duties and responsibilities of the Audit Committee**

- (1) Review the Company's financial reporting process to ensure that it is accurate and adequate.
- (2) Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
- (3) Review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.
- (4) Consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.
- (5) Review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the company.
- (6) Prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman.
- (7) Perform any other act as assigned by the Company's board of directors.

**Nomination and Remuneration Committee** (as of December 31, 2012)

The Nomination and Remuneration Committee comprises 4 Honorary Directors and the Independent Directors Members are:

	Name		Position
1	Dr. Krisada	Banchuin	Chairman of the Nomination and Remuneration Committee
2	Mr.Vichai	Dhepchalerm	Member of the Nomination and Remuneration Committee
3	Sec.Lieut.Kitti	Toranin	Member of the Nomination and Remuneration Committee
4	Prof.Dr.Sawaek	Weerakiet	Member of the Nomination and Remuneration Committee

**Scope of duties and responsibilities of The Nomination and Remuneration Committee.**

- (1) Define recruitment process and qualification for the positions of directors, executive committee, hospital directors, deputy directors and managers
- (2) Implement recruitment and propose the qualified nominees to the Board of Directors
- (3) Define criteria or consideration process for compensation of those positions
- (4) Propose the compensation to the Board of Directors for approval
- (5) Perform tasks as assigned by the Board of Directors Board of Directors

**Executive Board** (as of December 31, 2012)

The Executive Board comprises representatives of the Directors experienced in hospital management and 5 Executive Board Advisors:

	Name		Position
1	Mrs.Phorthana	Manoch	Chairman of the Executive Board
2	Dr.Sucha	Nimmanit	Executive Director
3	Mr.Sirichai	Manoch	Executive Director
4	Mrs.Veena	Khambanonda	Advisor of Executive Board
5	Dr. Sanit	Charkrit	Advisor of Executive Board
6	Dr. Sarawut	anuntasethakul	Advisor of Executive Board
7	Mrs.Prapaphan	Tanthavirat	Advisor of Executive Board
8	Mrs.Somporn	Permsuk	Advisor of Executive Board

**Scope of duties and responsibilities of the Executive Board**

The Executive Board manages according to policies, goals, operating plans, and annual budgets approved by Board of Directors' resolutions, and approves operations related to finance and assets in the normal course of business within the fixed budget.



## Executives and Managements of Aikchol Hospital Public Company Limited (as of December 31, 2012)

■	<b>1. Mr.Apirag</b>	<b>Vanich</b>	<b>Age 47</b>
<b>Position</b>	<ul style="list-style-type: none"> <li>● Chairman</li> <li>● Authorized director</li> </ul>		
<b>Education</b>	<ul style="list-style-type: none"> <li>● MBA., Indiana University.</li> <li>● B.S.Agricultural Economics, Purdue University</li> <li>● Courses by Thai Institute of Directors Association (IOD)               <ul style="list-style-type: none"> <li>- The Role of Chairman (RCM)(2006)</li> <li>- Directors Certification Program (DCP)(2005)</li> <li>- Directors Accreditation Program (DAP)(2005)</li> <li>- Finance for Non-Financial Director (FN)(2005)</li> </ul> </li> <li>● Courses by Capital Market Academy               <ul style="list-style-type: none"> <li>- Leader Program, Capital Market Academy</li> </ul> </li> </ul>		
<b>Shareholding in the company</b>	<ul style="list-style-type: none"> <li>● 19.85%</li> </ul>		
<b>Other Current Positions</b>	<ul style="list-style-type: none"> <li>● Chairman               <ul style="list-style-type: none"> <li>- Univanich Palm Oil Public Company Limited.</li> <li>- Chean Vanich Co.,Ltd.</li> <li>- Chean Vanich Transport Co.,Ltd.</li> <li>- Vanich Pilok Mining Co.,Ltd.</li> <li>- Vanich Gypsum Co.,Ltd.</li> <li>- Vanich Lineal Co.,Ltd.</li> <li>- Phuket Rubber Co.,Ltd.</li> <li>- Phuket Ngow Hock Co.,Ltd.</li> <li>- Aik Rock Industry Co.,Ltd.</li> </ul> </li> </ul>		
<b>Family relationship among executives</b>	<ul style="list-style-type: none"> <li>● Mrs.Phorthana Manoch Sister</li> <li>● Mrs.Kanchana Chitrudiamphai Sister</li> <li>● Ms.Oranuj Vanich Sister</li> </ul>		

**■ 2. Mr.Vichai Dhepchalerm Age 84**

<b>Position</b>	<ul style="list-style-type: none"> <li>● Vice-Chairman and Independent Director</li> <li>● Chairman of the Audit Committee</li> <li>● Member of the Nomination and Remuneration Committee</li> </ul>
<b>Education</b>	<ul style="list-style-type: none"> <li>● Engineer in the mining industry</li> <li>● Courses by Thai Institute of Directors Association (IOD)               <ul style="list-style-type: none"> <li>- Directors Accreditation Program (DAP)(2005)</li> </ul> </li> </ul>
<b>Shareholding in the company</b>	● 0.50 %
<b>Other Current Positions</b>	<ul style="list-style-type: none"> <li>● Director               <ul style="list-style-type: none"> <li>- Vanich Gypsum Co.,Ltd.</li> <li>- Vanich Pilok Mining Co.,Ltd.</li> <li>- Phangnga Timber Co.,Ltd.</li> <li>- Thaicoon Andaman Co.,Ltd.</li> </ul> </li> </ul>
<b>Family relationship among executives</b>	● None

**■ 3. Mrs.Phortchana Manoch Age 58**

<b>Position</b>	<ul style="list-style-type: none"> <li>● Vice-Chairman</li> <li>● Authorized director</li> <li>● Chairman of Executive Board</li> </ul>
<b>Education</b>	<ul style="list-style-type: none"> <li>● M.S.Hospital Administration, University of Wisconsin, U.S.A.</li> <li>● B.S.Business Administration, University of Wisconsin, U.S.A.</li> <li>● Bachelor of Law , Dhurakij Pundit University</li> <li>● Courses by Thai Institute of Directors Association (IOD)               <ul style="list-style-type: none"> <li>- Directors Certification Program (DCP) (2002)</li> <li>- Financial Statement for Director (FSD)(2011)</li> </ul> </li> </ul>
<b>Shareholding in the company</b>	● 2.92 %
<b>Other Current Positions</b>	<ul style="list-style-type: none"> <li>● Director               <ul style="list-style-type: none"> <li>- Univanich Palm Oil Public Company Limited.</li> <li>- Chean Vanich Co.,Ltd.</li> <li>- Vanich Lineal Co.,Ltd.</li> <li>- Vanich Pilok Mining Co.,Ltd.</li> </ul> </li> </ul>
<b>Family relationship among executives</b>	<ul style="list-style-type: none"> <li>● Mrs.Kanchana Chitrudiamphai Sister</li> <li>● Mr.Apirag Vanich Brother</li> <li>● Ms.Oranuj Vanich Sister</li> <li>● Mr.Sirichai Manoch Spouse</li> </ul>

**■ 4. Mr.Sucha Nimmannit Age 73****Position**

- Director
- Authorized director
- Executive Director
- Vice-Medical Director (Aikchol Hospital)

**Education**

- M.D., Faculty of Medicine Siriraj Hospital, Mahidol University
- Board Certification : Family Medicine, Thailand
- Courses by Thai Institute of Directors Association (IOD) - Directors Accreditation Program (DAP)(2005)

**Shareholding in the company**

- 0.66%

**Experience**

- Staff physician - Cholburi Hospital

**Family relationship**

- None

**among executives****■ 5. Dr.Krisada Banchuin Age 66****Position**

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

**Education**

- M.D., Faculty of Medicine Ramathibodi Hospital, Mahidol University
- DIP.American Board of Pediatrics
- Board Certification : Pediatrics, Thailand
- Board Certification : Family Medicine, Thailand
- Courses by Thai Institute of Directors Association (IOD) -Directors Accreditation Program (DAP)(2005)
- -Director Certification Program (DCP)(2012)
- -Role of the Compensation Committee (RCC)(2012)

**Shareholding in the company**

- 0.14%

**Experience**

- Staff physician - Cholburi Hospital
- Member of Academic Council - Burapha University

**Other Current Positions**

- Staff physicain - Dr. Krisada's Clinic
- Honorary director - College of Sport Science, Burapha University

**Family relationship**

- None

**among executives**





■ **6. Mr.Sirichai Manoch Age 68**

<b>Position</b>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Executive Director</li> <li>• Secretary of the Audit Committee</li> </ul>
<b>Education</b>	<ul style="list-style-type: none"> <li>• Engineer in the mining industry</li> <li>• Courses by Thai Institute of Directors Association (IOD) - Directors Accreditation Program (DAP)(2004)</li> </ul>
<b>Shareholding in the company</b>	• 2.92 %
<b>Other Current Positions</b>	<ul style="list-style-type: none"> <li>• Managing Director - Sirichai &amp; Brother Co.,Ltd.</li> <li>- Krissiri Mining Co.,Ltd.</li> <li>- T.T. Mining Co.,Ltd.</li> <li>- Pilok Hill Ltd.,Part.</li> <li>• Sale Manager - Preya Mining Ltd.,Part.</li> </ul>
<b>Family relationship among executives</b>	• Mrs.Phorthana Manoch Spouse

■ **7. Mrs.Kanchana Chitrudiamphai Age 54**

<b>Position</b>	• Director
<b>Education</b>	<ul style="list-style-type: none"> <li>• B.S.Finance University of Wisconsin, U.S.A.</li> <li>• B.S.Human &amp; Relationship University of Wisconsin, U.S.A.</li> <li>• Courses by Thai Institute of Directors Association (IOD) - Directors Accreditation Program (DAP)(2005)</li> </ul>
<b>Shareholding in the company</b>	• None
<b>Other Current Positions</b>	<ul style="list-style-type: none"> <li>• Director - Univanich Palm Oil Public Company Limited.</li> <li>- Chean Vanich Co.,Ltd.</li> <li>- Chean Vanich Transport Co.,Ltd.</li> <li>- Vanich Pilok Mining Co.,Ltd.</li> <li>- Vanich Gypsum Co.,Ltd.</li> <li>- Vanich Lineal Co.,Ltd.</li> <li>- Phuket Rubber Co.,Ltd.</li> <li>- Phuket Ngow Hock Co.,Ltd.</li> </ul>
<b>Family relationship among executives</b>	<ul style="list-style-type: none"> <li>• Mrs.Phorthana Manoch Sister</li> <li>• Mr.Apirag Vanich Brother</li> <li>• Ms.Oranuj Vanich Sister</li> </ul>



■ **8. Sec.Lieut.Kitti Toranin Age 79**

**Position**

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

**Education**

- High-level certificate in Accounting, Thammasat University
- Courses by Thai Institute of Directors Association (IOD) - Directors Accreditation Program (DAP)(2004)

**Shareholding in the company**

- None

**Experience**

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

**Other Current Positions**

- CPA Registration No. 86

**Family relationship**

- None

**among executives**

■ **9. Prof.Dr.Sawaek Weerakiet Age 56**

**Position**

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

**Education**

- M.D., Faculty of Medicine Ramathibodi Hospital, Mahidol University
- Board Certification : Reproductive Medicine, Thailand
- Courses by Thai Institute of Directors Association (IOD) - Directors Accreditation Program (DAP)(2011)

**Shareholding in the company**

- None

**Other Current Positions**

- Professor Dr. - Faculty of Medicine Ramathibodi Hospital, Mahidol University  
Department of Obstetrics & Gynaecology

**Family relationship**

- None

**among executives**

**10. Ms.Oranuj Vanich Age 49**

- Position** ● Director
- Education** ● B.S. Marketing Indiana State University, U.S.A.  
● Hotel Management Diploma , Hotel Management School, Switzerland.  
● Courses by Thai Institute of Directors Association (IOD) - Directors Accreditation Program (DAP)(2011)
- Shareholding in the company** ● 3.87%
- Other Current Positions** ● Executive Director - Vanich Gypsum Co.,Ltd.
- Family relationship among executives** ● Mrs.Phorthana Manoch Sister  
● Mrs.Kanchana Chitrudiamphai Sister  
● Mr.Apirag Vanich Brother

**11. Dr.Sanit Charkrit Age 64**

- Position** ● Advisor of Executive Board  
● Chief Medical Officer (Aikchol Hospital )
- Education** ● M.D., Faculty of Medicine, Chulalongkorn University  
● B.Sc.,Bachelor of Medical Science, Chulalongkorn University  
● Bachelor of Law, Sukhothai Thammathirat Open University
- Shareholding in the company** ● None
- Experience** ● Hospital Director - Phrae Hospital  
● Hospital Director - Chiangkum Hospital, Payao Province
- Family relationship among executives** ● None

**12. Dr.Sarawut Anuntasethakul Age 46**

- Position** ● Advisor of Executive Board  
● Acting Chief Medical Officer (Aikchol 2 Hospital )
- Education** ● B.Sc.,Bachelor of Medical Science, Mahidol University  
● Sugery Khon Kaen University
- Shareholding in the company** ● None
- Experience** ● Staff physician - Daja Hospital  
- Phyathai 1 Hospital  
- Piyavate Hospital
- Family relationship among executives** ● None



■ **13. Mrs.Prapaphan Tanthavirat    Age 63**

<b>Position</b>	<ul style="list-style-type: none"> <li>● Advisor of Executive Board</li> <li>● Hospital Administrator (Aikchol Hospital)</li> <li>● Company Secretary</li> </ul>
<b>Education</b>	<ul style="list-style-type: none"> <li>● B.A.(Accounting), Thammasat University</li> <li>● Master of Art Executive Program in Public Affair (EPA), Thammasat University</li> </ul>
<b>Shareholding in the company</b>	● None
<b>Experience</b>	<ul style="list-style-type: none"> <li>● Deputy Director        - Chonburi Hospital (Hospital Administration)</li> <li>● Specialist/ Deputy     - National Health Security Office Director Bureau Financial Administration</li> <li>● Director Bureau        - National Health Security Office Financial Administration</li> </ul>
<b>Family relationship among executives</b>	● None

■ **14. Mrs.Somporn Permsuk    Age 62**

<b>Position</b>	<ul style="list-style-type: none"> <li>● Advisor of Executive Board</li> <li>● Hospital Administrator (Aikchol 2 Hospital)</li> </ul>
<b>Education</b>	<ul style="list-style-type: none"> <li>● Bachelor of Public Administration, Sukhothai Thammathirat Open University</li> </ul>
<b>Shareholding in the company</b>	● None
<b>Experience</b>	<ul style="list-style-type: none"> <li>● Deputy Director        - Maesot Hospital, Tak Administrative                Province</li> </ul>
<b>Family relationship among executives</b>	● None



■ **15. Mrs.Veena Khambanonda Age 57**

<b>Position</b>	● Advisor of Executive Board
<b>Education</b>	● Masters of Business Administration, University of Kentucky, U.S.A.
<b>Shareholding in the company</b>	● 0.01 %
<b>Experience</b>	● Chief Financial Officer - Percom Service Co.,Ltd. (Paclink) ● Country Manager - Abbott Laboratories Ltd. ● Group Finance Manager - The Thai Nestle Group ● Assistant Manager - The Chase Manhattan Bank, N.A. ● Assistant Manager - TISCO
<b>Other Current Positions</b>	● Financial Director - Prima Food Group of Companies
<b>Family relationship among executives</b>	● None

**Remarks**

1. Shareholding in the company of each executives is inclusive of related shareholders according to Section 258 of the Stock and Stock Exchange Act.
2. All executives has no record of legal offences.





## Appointment of Directors and Management

The Board of Directors has resolved to appoint the Nomination and Remuneration Committee for considering the qualifications and selecting Directors, Executive Directors and Advisors, high-level Executives starting at the level of Executive Chairman, Medical Director, Deputy Medical Director, Assistant Medical Director, presents selection results to the Board of Directors for consideration, and performs all duties pursuant to the Articles of Association.

The position of Director will be presented to the Shareholder Meeting to acknowledge or approve according to the Articles of Association. Voting of Director election in the Shareholder Meeting will be as follows:

1. One share per one vote.
2. Each Director position or all positions in the Board may be elected in one time, as the Meeting deems appropriate. In the election of either each or several positions, a shareholder will vote in proportion to his shareholding under the Section 1 and cannot allocate their votes between or among candidates.
3. Candidates receiving the most number of votes shall be elected as Directors. Where the candidates have equal votes, the Chairman will have the casting vote.

Where a Director vacancy occurs other than by rotation, the Board of Directors will select a person to fill the vacancy. The person must be qualified according to the requirements under the Public Company Limited laws and the Securities and Exchange laws. This procedure does not apply in cases where the vacancy will remain for less than 2 months

The resolution of the Board of Directors in the Paragraph 1 must receive votes not less than three-fourths of the remaining Directors. Elected Directors under Paragraph 1 will retain his term of office for the remaining duration of vacating Director's term.

## Number of Staff

The company has a total of 1,159 employees as of the 31<sup>st</sup> of December 2012, divided into Aikchol Hospital and Aikchol 2 Hospital as follows:

Aikchol Hospital - divided into 2 main fields:

1. Medical Staff	at	540	persons
2. Administrative Staff	at	<u>170</u>	persons
	Total	<u>710</u>	persons

Aikchol 2 Hospital – divided into 2 main fields:

1. Medical Staff	at	321	persons
2. Administrative Staff	at	<u>128</u>	persons
	Total	<u>449</u>	persons

The company paid remuneration for employees for a total of 375.68 million baht in 2011 (in the form of monthly salary, bonus, wage, provident fund, etc.)



## Director and Executive Remuneration

The policy and requirement of directors remuneration is set out by the Board of Directors, based on performance in the same industry, experience, duties, roles and responsibilities, within the approved by the Meeting of the Shareholders.

### A) Remuneration in terms of money

(1) Director remuneration in 2012 for 10 persons totaled Baht 5,194,000 (Director remunerations, Per Diems, Medical professional remuneration) tabulated as follows:

			Unit : Thousand Baht	
	Name	Position	Director Remuneration	
			2012	2011
1	Mr.Apirag Vanich	Chairman	660.0	665.0
2	Mr.Vichai Dhepchalerm	Vice-Chairman	370.0	365.0
		Chairman of The Audit Committee	144.0	120.0
		Member of the Nomination and Remuneration Committee	7.50	4.0
3	Mrs.Phorthana Manoch	Vice-Chairman	370.0	365.0
		Chairman of Executive Board	246.0	244.0
4	Dr.Sucha Nimmannit	Director	370.0	365.0
		Executive Director	146.0	142.0
5	Dr.Krisada Banchuin	Director	370.0	365.0
		Member of The Audit Committee	158.0	167.0
		Chairman of the Nomination and Remuneration Committee	7.50	4.0
6	Mr.Sirichai Manoch	Director	508.0	485.0
		Executive Director	140.0	142.0
7	Mrs.Kanchana Chitrudiamphai	Director	370.0	355.0
8	Sec.Lieut.Kitti Toranin	Director	370.0	365.0
		Member of The Audit Committee	176.0	182.0
		Member of the Nomination and Remuneration Committee	7.50	4.0
9	Prof.Dr.Sawaek Weerakiet	Director	360.0	275.0
		Member of The Audit Committee	36.0	18.0
		Member of the Nomination and Remuneration Committee	7.50	2.0
10	Ms.Oranuj Vanich	Director	370.0	275.0
รวม			5,194.00	4,909.00



(2) Executive and Advisor remuneration in 2012 for 7 people totaled Baht 18,922,000 (remuneration comprises salary, bonuses, advice fees, and meeting remunerations).

**B) Other remuneration**

- None -

**Remuneration for Auditors**

1. Auditors' remuneration (Audit Fee) in the last fiscal year paid to Dharmniti Auditing Company Limited are total 800,000 Baht

2. Others (Non-Audit Fee)

- None -

**Corporate Governance**

The company is operating under Good Corporate Governance for the listed company year 2006 as required by the Stock Exchange of Thailand. For any subjects that are not achieved yet, the company has elucidated under the "Report of compliance with Good Corporate Governance".

**Control of Inside-Information**

All executives and accounting auditors are responsible for the preparation and the submission of shareholding report as required by the Securities and Exchange Commission. They must report any change in the shareholding to the Securities and Exchange Commission within 30 days after the appointment and within 3 days after the transaction (buying/selling/transferring). Any incompliance, there will be penalties under Securities and Exchange Act B.E. 2535

The company has established code of conduct and punishment provisions to prevent any misuse of internal information by employees for personal gain that may causes damage to the company.

In addition, the company has defined Code of Ethics for directors, executives and employees to comply with. Policies in buying & selling securities and using information are part of Code of Ethics.

**Internal Controls**

At the 277 Board of Directors meeting on February 27, 2013, there was an evaluation of sufficiency and propriety of the company's internal control system in 2012. All members of the Audit Committee attended this meeting, and the Board of Directors agreed that the company's internal control system has been continuously developed since it is critical matter. Development in operational personnel for internal control has been administered constantly. This allows a follow-up and control on company's operation in order to protect the company's asset from exploitation by the management without authority. In 2012, the company found no significant flaw related to the internal control system that may affect the company's operational result and financial report.



## General Information

<b>Company Name</b>	: Aikchol Hospital Public Company Limited
<b>Registered Number of PLC</b>	: 0107537001064
<b>Type of Business</b>	: Private Hospital
<b>Registered Capital</b>	: 125,000,000 common shares
<b>Registered Paid-up Capital</b>	: Baht 125 million
<b>Par Value per Share</b>	: Baht 1.00
<b>Listed Date</b>	: January 10, 1992
<b>Accounting Period</b>	: 1 January – 31 December
<b>Web Site</b>	: <a href="http://www.aikchol.com">www.aikchol.com</a>
<b>E-mail address</b>	: info@aikchol.com
<b>Contact</b>	: <b><u>Head Office : Aikchol Hospital</u></b> 68/3 Moo 2 Prayasatja Rd., Bansuan Sub-district, Muang District, Choburi Province 20000 Telephone 0-3827-3840-7, 0-3893-9999 Facsimile 0-3827-3848 <b><u>Branch Office : Aikchol Hospital 2</u></b> 31/2 Moo.3 Angsila Rd., Muang District, Choburi Province 20000 Telephone 0-3893-9888 Facsimile 0-3893-9800
<b>The Share Registration Department</b>	: Telephone 0-3893-9999 Ext.1126, Facsimile 0-3827-3848 E-mail : <a href="mailto:ir@aikchol.com">ir@aikchol.com</a> , <a href="mailto:kullanit@aikchol.com">kullanit@aikchol.com</a>
<b>Share Registrar</b>	: Thailand Securities Depository Company Limited. 62 The Stock Exchange of Thailand Building, Rachadapisek Rd., Klongtoey, Bangkok 10110 Telephone 0-2229-2800 Facsimile 0-2359-1259 Web Site <a href="http://www.tsd.co.th">www.tsd.co.th</a>
<b>Auditor</b>	: Dharmniti Auditing Company Limited. 267/1 Pracharaj Sai 1 Road, Bangsue, Bangkok 10800 Telephone 0-2587-8080 Facsimile 0-2586-0301 Web Site <a href="http://www.dharmniti.co.th">www.dharmniti.co.th</a>
<b>Legal Advisor</b>	: Dherakupt Law Office Company Limited 546 Unvest Complex Building, 15 <sup>th</sup> Floor, Rachadapisek Road, Ladyao, Jatujak, Bangkok. 10900 Telephone 0-2511-1512, 0-2513-1976 <b>Facsimile 0-2938-1247, 0-2938-1957</b>



## Summary of Financial Information

	(Unit : Thousand Baht)		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Summary Financial Statements</b>			
Total Revenues	1,287,468	1,092,992	983,653
Medical service income	1,264,008	1,071,226	966,460
Other Income	23,460	21,766	17,193
Cost of medical services	967,015	853,993	779,398
Gross Profit	296,993	217,233	187,062
Administrative expenses	96,535	89,187	84,056
Interest expenses	-	3,254	7,931
Income tax expenses	51,555	44,811	27,560
Net Profit	172,363	101,747	84,708
Basic Earning Per Share (Baht)	1.38	0.81	0.68
Total current assets	359,262	246,306	207,553
Total non-current assets	823,266	779,746	777,772
Total assets	1,182,528	1,026,052	985,325
Total current liabilities	138,949	135,115	104,474
Total non-current liabilities	26,364	23,993	86,000
Total liabilities	165,313	159,108	190,474
Total shareholders' equity	1,017,215	866,944	794,851





	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Financial Ratio</b>			
Current Ratio (times)	2.59	1.82	1.99
Quick Ratio (times)	2.36	1.58	1.76
Cash Flow Ratio (times)	1.57	1.46	1.22
Accounts Receivable Turnover (times)	24.73	25.75	26.25
Days Receivable Period (days)	14.76	14.17	13.90
Inventory Turnover (times)	30.45	30.17	31.80
Day' Sales in Inventory (days)	11.99	12.10	11.48
Debt to Equity/Debt to Net Worth Ratio (times)	0.16	0.18	0.24
Interest Coverage Ratio	-	46.05	15.16
Gross Profit Margin Ratio (%)	23.50	20.28	19.36
Return on Medical Income (%)	13.64	9.50	8.76
Operating Margin Ratio (%)	15.86	11.95	10.66
Other Profit Margin Income (%)	1.82	1.99	1.75
Cash Flow to Profit Margin Ratio (%)	107.58	136.56	140.31
Net Profit on Sales (%)	13.39	9.31	8.61
Return on Equity (%)	18.30	12.25	11.26
Return on Assets (%)	15.61	10.12	8.66
Return on Fixed Assets (%)	30.01	20.33	17.38
Fixed Assets Turnover (times)	1.17	1.09	1.01



## Nature of Business

### History of the Hospital

Year 1978	The Company was registered as a Limited Company under the name "Aikchol Hospital Company Limited." Registered Capital was Baht 22 million.
Year 1981	Official Grand opening of the Aikchol Hospital, with 80 patient beds available for service.
Year 1992	The Company became listed on the Stock Exchange of Thailand; the share was also known in short as " AHC ".
Year 1994	The Company was registered as a Public Company Limited under the name of " Aikchol Hospital Public Company Limited. " Registered Capital was Baht 125 million.
Year 2006	Grand opening of the Aikchol 2 Hospital , with 100 patient beds available for service.

Aikchol Hospital Public Company Limited has been operating in 2 servicing sites :

1. Aikchol Hospital, located at 68/3 Moo.2, Prayasatja Road, Bansuan Sub-district, Muang District, Choburi Province, on a land area of 12 rais, 3 ngans, 87 square wahs, with 262 patient beds available for service currently.
2. Aikchol 2 Hospital, located at 31/2 Moo.3, Angsila Road, Samed Sub-district, Muang District, Choburi Province, on a land area of 15 rais, with 100 patient beds available for service currently.

Both sites are open 24-hour everyday to provide full services including examination and diagnosis, health promotion, rejuvenation and disease prevention, by an experienced team of specialist doctors and medical personnel fully capable with the latest medical equipments installed, plus fully equipped, life saving ambulances readily on stand-by. Moreover, we also provide customers' on-site services such as the annual check-up, seminar on disease prevention, and first aid techniques lessons to government offices, factories, and companies in the area. A home visit to patients after discharge and in-house seminars are also conducted for the benefits of patients, relatives, and the general public in health promotion and disease prevention by our expert medical personnel from time to time.

### **Aikchol Hospital Public Company Limited has implemented and accomplished significant development plans as follows :**

- |           |   |
|-----------|---|
| Year 2008 | - Renovation of the first Aikchol Hospital from floors 4-9 (Building 2) including all the utilities systems amounting to Baht 39.7 million. |
|           | - The Aikchol 2 Hospital commenced the Social Security program with a quota of only 5,000 members from the Social Security Office.          |



- Year 2009 - The first Aikchol Hospital terminated its Social Security program to concentrate on the general patients, contract company staff, and patients with insurance both life/health and also motor vehicle coverage.
- The Aikchol 2 Hospital received an increase in the Social Security quota to 100,000 members.
- Year 2010 - The first Aikchol Hospital completed its renovation of the OPD area in Building 2 and the medicine storage area, including the electrical and air-conditioning systems amounting to Baht 17 million.
- The Aikchol 2 Hospital finished building the laundry facility to serve both Hospitals with an investment of Baht 9.3 million including an installation of a new boiler.
  - Both Hospitals have replaced the X-Ray system into the Digital Radiography (PACS – Picture Archiving and Communication System) for on-line reading of the X-Ray results at both Hospitals.
- Year 2011 - The Company had prepaid all long-term loans of 2 installments amounting to Baht 86 million :
1. In July and August of 2011, an amount of Baht 43 million originally due in December 2012.
  2. In September and October of 2011, an amount of Baht 43 million originally due in December 2013.
- The Aikchol Hospital had celebrated its 30<sup>th</sup> year Anniversary in service.
  - The Aikchol 2 Hospital had completed its 5<sup>th</sup> year in service.
  - The Aikchol 2 Hospital received an increase in the Social Security quota to 120,000 members while also rendering medical services to the general patients which include health/life insurers and workers of contracted companies.
  - The Aikchol 2 Hospital was 1 of the first 32 private hospitals approved to enter into contract with the Government to provide medical care to civil servants under the direct payment of (DRGs) with The Comptroller General's Department, Ministry of Finance.
- Year 2012 - In November of 2012, the Company has acquired a land area of 582 square wahs next to the Aikchol Hospital at a cost of Baht 27.35 million fully paid.
- Additional medical equipments were acquired totalling Baht 20,348,977.
  - Renovations of hospital buildings amounted to Baht 6,395,931.
  - The Aikchol Hospital is in the process of completing and opening the "Cardiac Catheterization Laboratory" expected by mid 2013.



- The Aikchol 2 Hospital, which caters mostly to the Social Security patients, has received an increase in the Social Security quota to 120,000 members.

### **Continuous Quality Improvement Awards**

- Year 2008 - Aikchol 2 Hospital has been certified and registered for hospital providing dialysis services with hemodialysis machines by the Social Security Office.
- Aikchol 2 Hospital has also qualified for the ISO 9001:2000 quality standards from the Bureau Veritas Certification Thailand.
- Year 2009 - Aikchol Hospital has won Gold Hospital Quality Award from the American International Assurance Co.,Ltd. (AIA Thailand).
- Aikchol 2 Hospital has won Standard Hospital Quality Award from the American International Assurance Co.,Ltd. (AIA Thailand).
- Year 2010 - Aikchol 2 Hospital was granted Acknowledgement Step 2 from The Healthcare Accreditation Institute (Public Organization).
- Aikchol and Aikchol 2 Hospitals received the Quality Award 2010 from Tokiomarine Taiyou Project.
- Aikchol 2 Hospital received the Best Performance Awards from Ayudhya Allianz C.P. Hospital Service Award 2010.
- Year 2011 - Aikchol Hospital has obtained an HA (Re-accreditations) from the Healthcare Accreditation Institute (Public Organization).
- Aikchol Hospital received Tokiomarine Taiyou Quality Award 2011 (Electronic Card).
- Aikchol and Aikchol 2 Hospitals have won Gold Hospital Quality Awards from the American International Assurance Co.,Ltd. (AIA Thailand).
- Year 2012 - Aikchol 2 Hospital has obtained an HA (Hospital Accreditation) for its quality standards from the Healthcare Accreditation Institute (Public Organization).

### **Corporate Social Responsibility (CSR) for 2012**

1. Training Program "Basic Resuscitation Techniques for Private Sector and Volunteers", which has been conducted continuously for more than 4 years to provide knowledge, skills, and the correct techniques to those who would have to render life-saving operations, such as the volunteers from various local charity organizations, for effective resuscitation which could reduce the number of deaths and prevent serious injuries and complications that may follow.



2. Outside seminars and lectures to provide knowledge to the general public on daily health care that could be used in everyday's life, such as :

- Co-counsel/speaker in elementary school classes.
- Setting up of hospital booths in various events to provide information on health issues.

- Participated in events and activities to provide knowledge on breast cancer regarding self examination, care and protection from such disease.

- Organized an event "Children's Day Festival 2012" with special lecture by an expert Pediatrician, plus "crawling competition game" for babies between the ages of 7-9 months old with lots of prizes.

- Health promotion project for the elders with the purpose of teaching them how to take care of their health and well-being properly in order to live longer.

3. Grant scholarships to nursing students of public universities in order to promote the development of nursing staff and alleviate the shortages of professional nurses.

4. Donation of blood from employees of both Aikchol Hospitals for Project " Aikchol Blood Bank " to the National Blood Center 3 (Cholburi) for distribution within Cholburi and nearby provinces.

5. Project "Mother & Healthcare" to foster knowledge for the new "Mother" and "Father" and all interested parties.





## **Risk Elements**

### **Economic**

Induced by the great floods of 2011, a large number of companies have begun to move their manufacturing units to the safer Eastern zone area for continuation of their productions. New factories are appearing in various Industrial Estates such as the Laem Chabang, Maab Taphud, Amata, and Eastern Seaboard, changing the land area from agricultural-based to industrial parks in the process for both Thai and foreign enterprises. Tourism boom then follows not far behind.

Economic risks of the country may well be influenced in part by crisis from throughout the European Community. But closer to home is the emergence of the ASEAN Economic Community (AEC) in the year 2015 which may bring not only economic uncertainties, but also workers of various nationalities with inherent health risks from environmental impact, contagious new diseases, stress and work-related illnesses, and injuries from accidents. These are the risks that hospitals would have to deal with in the near future.

### **Marketing**

The already intense competition in the healthcare business has taken a worse turn when the previously well-defined target groups such as state hospitals, middle class, high class, complicated illnesses requiring specialty clinics (Medical Hub), etc., are now crossing the lines at various levels. Top-class hospitals which in the past had attracted high class and foreign customers now also turn to the local middle-class target. State hospitals currently open their own Medical Hubs providing specialty care to rich customers at reasonable prices that may well attract both the high-end and middle-class patients, as medical cost has always been one of the major factors in hospital selection.

The Aikchol and Aikchol 2 Hospitals are somewhat fortunate in that most of our customers are local people and workers in the nearby businesses and Industrial Estates. We also rely little on foreign customers who make up only a small percentage of the overall patients.

### **ASEAN Economic Community: AEC**

In preparation to handle the influx of workers representing ASEAN nationalities, the Hospitals have placed emphasis on language skills by encouraging our staff to acquire such knowledge through sponsorship of tuition fees. Those capable of communicating in these languages will be additionally compensated accordingly.

And as per an Agreement among the 10 ASEAN nations regarding the qualifications and free exchange of workforce in 7 categories, the medical professions included, Thailand may yet face a further hardship in the scarcity of such personnel given the mere 8,000 nursing college graduates each year, versus a much larger



number for Malaysia with only a third of the population of Thailand. Remunerations for these professionals are also comparatively higher in many other ASEAN countries which could cause an outflow of such workforce from Thailand.

### **Investments**

Along with the continued growth of the Aikchol Hospitals year after year, investments in both human resources and medical equipments must catch up not only with the increasing number of patients, but also the more sophistication required for various specialty clinics calling for the most modern and high-technology equipments in face of the competition. In this connection, the Hospitals have invested in additional land area to accommodate expansion adjacent to the original site, plus the Digital Mammogram X-ray machine and the construction of Cath Lab for the Heart Clinic, among others. Renovations, maintenance and repairs of the Hospital facilities take place as usual per plan and schedule.

Given these large capital expenditures each year, the return on investments may take some time to fully recover. But these are the risks the Company has to take to stay in competition with nearby hospitals in the Eastern zone area.

### **Risks from Changing Government Policies**

During the years 2011-12, many amendments and changes have taken place regarding details and conditions of the Social Security and the National Health Security Programs in response to diseases occurrences and the demands of the public. Not only that the majority of the general population can access free medical care without having to participate in the cost, but new and even some existing diseases are now being given extended coverages under these Programs. The results are substantial additional burden in the Government's fiscal budget that is already in the deficit. Coupled with the forthcoming AEC migration, the Government would have to analyze and reformulate the schemes, and not just relegate these expenses to various hospitals, private and public, who participate in these Programs.



## Report of Compliance with Good Corporate Governance

### **Section 1 Rights of Shareholders**

✧ The Company has given great importance to and respects the rights of Shareholders by adhering to the rules and regulations as specified by law. In 2012, the Company convened the Annual General Meeting of Shareholders on April 18, 2012, with all Directors attending. There were Chairman of the Board, Chairman of the Executive Board, Chairman of the Audit Committee, Chairman of the Nomination and Compensation Committee and all Independent Directors in attendance.

✧ In 2012, the Company had sent the Invitation to attend the Annual General Meeting of Shareholders to inform them of the Agenda with the corresponding opinions of the Board of Directors on each matter, and accompanied by relevant information and documents needed for the Meeting, 14 days in advance which was longer than the minimum requirement of the law. This was to enable the Shareholders to have sufficient information in making decisions to exercise their rights. Details were also provided on the documents required in order to attend and vote at the Meeting. Furthermore, for convenience of all Shareholders, the Company posted the Notice for the Shareholders' Meeting together with related information and documents on the Company's website prior to sending out the Notification by mail and at least 30 days in advance of the Meeting date. The Notice was also published in Thai newspapers for at least 3 consecutive days and at least 14 days in advance.

✧ The Company informed the Shareholders about regulations and instructions for attending the Meeting by the same letter of Notification.

✧ The Company provided sufficient information, in accompanying documents, for decision making.

✧ The Shareholders can register for the Meeting 1.5 hours in advance, or submit Proxy along with evidence at least a day before the Meeting.

✧ The Company informed the Shareholders of regulations for the Meeting and procedures for voting at the Meeting.

✧ The Chairman of the Meeting had given the opportunity for all Shareholders to inquire or voice their opinions and suggestions whereas the Directors concerned had provided the answers clearly and adequately. Also present was the Legal Advisor as a neutral attendant to certify all votings to ensure transparency throughout the Meeting. Furthermore, after the adjournment of each Meeting, all attending Directors would meet with Shareholders present for an opportunity to inquire about issues not brought up during the Meeting but were of their interests.



- ✧ Shareholders who joined the Meeting late after the Meeting had convened were allowed to vote in the Agenda that was under review and had not been resolved.
- ✧ The Company had provided adequate staff and technology to facilitate the document examination of Shareholders, and had available duty stamps for the convenience of Proxy holders to affix on the Power of Attorney.
- ✧ The Company recorded the Minutes of the Shareholders' Meeting in its entirety, then reported the resolutions of the Meeting to the Stock Exchange of Thailand, and published the Minutes of the Annual General Meeting of Shareholders for the year 2012 within 14 days from the date of the Meeting via the Company's website in order that Shareholders could be informed promptly and thoroughly, and for other interested persons to have the opportunity to learn of and study the information about the Company.

## **Section 2 Equitable Treatment of Shareholders**

- ✧ The Company had provided an opportunity for Shareholders who were unable to attend the Meeting to appoint other persons or the Independent Directors of the Company to represent and vote on their behalf. In this connection, the Company had prepared Proxy Form B. in accordance with the specifications of the Ministry of Commerce whereby the Shareholders may direct the voting of each Agenda. The Proxy Form was enclosed along with the Notice for the Meeting; however, should the Shareholders prefer other format of voting, the Company had also provided all forms of proxy of the Ministry of Commerce on our website at your disposal.

At the 2012 Annual General Meeting, there were 7 Shareholders each assigning a Proxy to the Chairman of the Board or the Chairman of the Audit Committee who were Independent Directors nominated by the Company.

- ✧ The Company uses voting cards in all Agendas, especially in the election of Directors, whereby Shareholders are allowed to vote for individual Director one by one. In the Shareholders' Meeting for Year 2012, there were 3 Directors who retired by rotation and the Company had prepared 3 separate voting cards for each candidate.
- ✧ In the Annual General Meeting of Shareholders for Year 2012, the Chairman of the Meeting had followed the Agendas as stated in the Notification for the Meeting. There was no additional Agenda brought up without prior notice to the Shareholders.
- ✧ The Board of Directors regulates the direction in maintaining internal information usage as a preventive measure for misuse by Directors, executives, and employees in gaining personal benefits or benefits to others. All persons in the organization were informed of the direction and policy and to adhere to them strictly. In 2012, all Directors, executives and employees strictly followed the policy and no violations were found.



### **Section 3 Role of Stakeholders**

The Company recognizes the importance of rights of all interested parties including Shareholders, clients and employees.

✧ Shareholders The Company maintains the rights of both major Shareholders and minor Shareholders equally. All executives hold on to the same policy of business practice by operating with efficiency, effectiveness, economy, transparency, and responsibilities to stakeholders. This is to also generate appropriate return, progress and stable growth for the investors.

✧ Clients/Patients The Company aims for client satisfaction and confidence, and also assures highest service quality and confidentiality. There are many channels for clients to provide feedback such as satisfaction evaluation form, direct feedback to hospital staff, etc. All feedbacks are treated as crucial information and will be used in improving and developing services for highest customers' satisfaction according to the Hospitals' motto "Quality Service is our Responsibility".

✧ Employees They are key mechanism and resource of the Company. Therefore, they are continuously provided with internal and external training courses, conferences, academic seminars in various topics for developing the potency in their professional capabilities and skills to achieve the highest customers' satisfaction. The Company also enhances corporate culture, working atmosphere and fair & equal practice to all employees.

Employees at all levels of the Company work with softwares with copyrights which have been legally acquired over the years, including Microsoft SQL most recently, to prevent copyright infringement/violation.

Furthermore, the Project "Meet the Management" has been introduced to give all employees a chance to air their opinions or grievances to the Management directly in order to develop and improve the flow of works and resolve issues. Another learning project namely the HA (Hospital Accreditation) also provides venue whereby quality service improvement and risks management are stressed for a more effective collaboration in workplace. And finally, the "Star of Aikchol" Project which aims to boost morale and promote loyalty between the staff and the organization by awarding those in full compliance with the Company's rules and regulations with recognition and rewards at a ceremony participated by the entire Hospitals.

This is as the Company believes that work efficiency among staff comes from loyalty and attachment to the organization, and therefore aims to promote this aspect in employees' relations with surveys being conducted periodically for improvement and effectiveness in our human resources management.

In addition, the Company puts emphasis on well-being and welfare of employees by providing them and their families with medical benefits, employee provident fund plan, loans for those in need, and educational scholarships, etc. For their safety, the Company also stages emergency evacuation training practice annually in accordance with our regulations. At the end of every month, all departments will submit risk reports to Risk Management Committee to acknowledge potential risks/solutions/preventive



measures under the evaluation of Risk Control Committee, which will review the issues together with Risk Management Committee for the best solutions for the organization.

✧ Business partnership/Creditor The Company recognizes the importance of fair practice with clear policy on purchasing/hiring of goods and services with fairness to all parties concerned. Furthermore, we also comply strictly with all agreed upon terms and conditions, without receiving/asking/paying for any illegal benefits.

✧ Competitors The Company complies with the policy of fair competition, without seeking for confidential information of competitors by any illegal means, or conducting baseless allegations to damage their reputations.

✧ Community and Society The Company is aware of our duty and responsibility towards the community and society in serving and supporting useful public functions and activities.

### **Corporate Social Responsibility (CSRC) of the Company in 2012 are as follows:-**

1. Project "All Lives Can Be Saved" was started in 2009 to provide basic training in resuscitation techniques to volunteers from various charity foundations and other interested parties, for effective resuscitation which could reduce the number of deaths and prevent serious injuries or complications that may follow.

2. Project "Aikchol Blood Bank" in collaboration with the National Blood Center 3 (Cholburi) for distribution of donated blood within Cholburi and nearby provinces.

3. Grant scholarships to nursing students of public universities in order to promote the development of nursing staff and alleviate the shortages of professional nurses.

The activities undertaken by the Company mostly emphasize the dissemination of information on health issues and subjects to schools and public using leaflets, posters displayed in restrooms and elevators, handouts distributed at provincial fairs, etc. Basic physical check-ups are also provided, free of charge, in collaboration with the district and provincial units during the medical field trips.

### **Tip-offs and Complaints**

The Company has arranged for channels to receive tip-offs, complaints, opinions and suggestions that the stakeholders may have that could affect them or put them at risks in any way, as a result of the operation of the Company or from the conducts of our employees legally and ethically. This includes any conducts that could be deemed fraudulent, inequitable, or careless. Enquiries or grievances can be directed to :

- Direct Superior
- Head of Human Resources Department
- Company Secretary
- Chairman of the Executive Board
- Member of the Audit Committee



- Director

or E-mail address : [cg@aikchol.com](mailto:cg@aikchol.com)

✧ Environment The Company puts emphasis on environmental preservation and protection, and avoids engaging in any activities that may negatively affect the natural resources and environment of the community.

The Company has set up the Environment and Safety Committee to oversee and manage all Hospital buildings to ensure compliance with all the rules and regulations applicable and subject to periodical inspections. The design and space allocation allow for safety, convenience and privacy of the patients, and efficiency for our staff. Inspections and improvements are constantly being made to ensure safety from fire, debris, wastes, or any other emergency situations that may occur with back-up plans and equipments, together with training in evacuation procedures on an annual basis.

In the area of toxic waste management, the Company has checked the validity of license of the firm contracted to dispose of such waste each year to ensure compliance with the environmental preservation. We also provide smoking areas for customers and staff so as not to infringe on other people's smoke-free right. Adequate parking spaces have also been provided and divided into staff and customers' sections. Our waste water treatment plant is constantly being checked to ensure that the water released into the community is clean and safe.

#### **Section 4 Disclosure and Transparency**

✧ The Company legally discloses the important financial and non-financial information completely, timely, and transparently as required by the Securities and Exchange Commission and the Stock Exchange of Thailand.

✧ In the past, the Company has never been warned against by the Securities and Exchange Commission or the Stock Exchange of Thailand for an incomplete information disclosure or violating regulations.

✧ There is a report of the Board of Directors' responsibility concerning the annual financial report signed by the Chairman of the Board and the Chairman of the Executive Board (see details on page 38).

✧ The Board of Directors ensures full financial and non-financial information disclosure, and that such information are complete, correct, reliable, consistent, and timely as required by related commercial laws and the Stock Exchange of Thailand together with the Securities and Exchange Commission.

The Company has various channels to communicate with the Shareholders and investors such as the Form 56-1 as required by law, the Annual Report, website of the



Stock Exchange of Thailand, and website of the Company under the heading of Investor Relations which is timely and constantly updated to be current.

The Company has set up the Share Registration Department responsible for communications with investors, institutional investors, Shareholders, analysts and related government agencies. Investors can obtain more information at 0-3893-9999 Ext. 1126 or Website: [www.aikchol.com](http://www.aikchol.com) or E-mail address: [ir@aikchol.com](mailto:ir@aikchol.com).

## **Section 5 Board Responsibilities**

✧ The Chairman of the Board of Directors and the Chairman of the Executive Board each has different duties and responsibilities, and they are not one and the same person. The Chairman of the Board is elected by Company Directors to perform in the role of Chairman of the Meeting. His duty is to conduct and control the Meeting in accordance with and following the Agenda, and encouraging all other Directors to participate in questioning or suggesting, giving advices and recommendations to the Management, and providing support in the operations but not taking active part or interfering in the actual management of the Company. For the Chairman of the Executive Board, the duty is to manage the Company's day-to-day business, supervise and ensure that all operations are done in accordance with the Articles of Association of the Company, resolutions of the Meeting of Shareholders, resolutions of the Board of Directors, Company's plans and policy in conducting the business, and to abide by the relevant laws. Furthermore, the Board of Directors of the Company also includes 4 Independent Directors who will oversee the operations and act as a counter-balance in the course of the internal audit of the Company.

✧ There are 10 Directors, consisting of 3 executives directors, 3 non-executive directors, and 4 independent directors ( 40% or not less than 1/3 of the Board ).

The Independent Directors are qualified according to the criteria set by Securities and Exchange Commission and Stock Exchange of Thailand as follows:

1. Hold not more than 1% of total voting shares in the company, its affiliates and associates or any entities which may cause a conflict of interest (including any persons as prescribed in section 258 under the Securities and Exchange Act).

2. Not being or used to be the director who takes part in the management of the Company, employee, staff member, advisor who receives a regular salary, or a controlling person of the Company, holding company, subsidiary company, associated company, subsidiary company of the same level, major shareholder, or controlling person of the Company, except having been out of the above position for at least two years prior to the appointment.





3. Not being a person who is related by blood or by law as a parent, spouse, sibling and child including a child's spouse, to any management member, major shareholder, controlling person or the person whom has been proposed to become the management member or controlling person of the Company or subsidiary company.

4. Not having or used to have business relationship with the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company, in a way which may prevent independent judgment, as well as not being or used to be the significant shareholder or controlling person of the entity having business relationship with the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company, except having been out of the above position for at least two years prior to the appointment.

5. Not being or used to be the auditor of the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company, and not being significant shareholder, controlling person or managing partner of the audit firm with staff being the auditor of the Company, holding company, subsidiary company, associated company, major shareholder or controlling person of the Company in the firm, except having been out of the above position for at least two years prior to the appointment.

6. Not being or used to be the service provider in any professions including legal advisor or financial advisor receiving the service fee exceeding Baht 2 million per year from the Company, holding company, subsidiary company, associated company, major shareholder, or controlling person of the Company, and not being significant shareholder, controlling person or partner of the such professional service provider, except having been out of the above position for at least two years prior to the appointment.

7. Not being the director who has been appointed as the representative of the Company, major shareholder or shareholder whom is related to the major shareholder of the company.

8. Having no other characteristic which may prevent from giving independent opinions concerning with the business operation of the Company.

✧ The Secretary of the Company has been appointed and assigned the task of advising the Board of Directors regarding all necessary procedures including coordinating for further implementation according to the resolutions. In this connection, the Company had appointed Mrs. Prapaphan Tanthavirat, the Hospital Administrator, as a Secretary of the Company.

✧ The Board of Directors sets the terms of the Directors according to the Public Company Act and regulations of the Company.

✧ The Board of Directors sets the terms for Sub-Committees as follows:



- |  |   |             |
|--|---|-------------|
| 1. Audit Committee                       | : | 2 year term |
| 2. Nomination and Remuneration Committee | : | 2 year term |
| 3. Executive Board                       | : | 1 year term |

✧ The Board of Directors appoints Sub-Committees by defining qualifications, scopes of work, and responsibilities. Most members of the Sub-Committees are Independent Directors, and they are usually appointed Chairmen, except in the Executive Committee where none of the Independent Directors are members as this would be contrary to the qualifications of the Audit Committee as required by the Stock Exchange of Thailand (see name list and Sub-Committee responsibilities on page 5-6).

At present, the Company has 3 Sub-Committees which are: Audit Committee, Nomination and Remuneration Committee and Executive Committee.

The Company has defined and separated the duties and responsibilities of the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, and the Executive Board clearly as detailed in the Scope of Duties and Responsibilities under the section of Shareholding Structure and Management on pages 3-17.

✧ The Company has disclosed the directorial position of each director at other companies in Directors' Biography under the Shareholding Structure and Management on pages 3-17, and there is no director holding a directorial position in more than 5 listed companies.

✧ The Board of Directors' and the Sub-Committees' meetings

1. The Board of Directors has scheduled the Meeting every two months throughout the year and the Extraordinary Meeting as necessary. The Agenda for each Meeting is prepared in advance with follow-up on the duties assigned. The Secretary of the Board shall send out the letter of invitation with Agendas and supporting documents 7 days in advance so that the Board members have sufficient time to study the information prior to the Meeting, which usually takes 3-4 hours. The Board of Directors has held a total of 7 Meetings in 2012.

In a meeting to evaluate the performances of Directors who are also executives of the Company, that person must leave the meeting to allow for a free discussion and fair assessment without prejudice. In 2012, there were a total of 2 Meetings namely No. 272/2555 and No. 276/2555.

During the Board of Directors of the Company's Meeting, an Agenda may include performance evaluation and remuneration consideration for Chief Medical Officers and Hospital Administrators upon completing each year's service. In 2012, there were a total of 3 meetings namely No. 275/2555, No.276/2555 and No. 277/2555, with clear guidelines on the performances and achievements stipulated.

2. The Audit Committee has scheduled monthly meetings. In case of an urgent issue, there will be an additional meeting. Aikchol 2 Hospital has started the operation since 2007, therefore there were two meeting-days in a month, one at Aikchol Hospital and one at Aikchol 2 Hospital, to allow close follow-ups of the results. The procedures for sending letter of invitation and supporting documents are the same as those of the Board of Directors. The Audit Committee had held a total of 12 regular meetings in 2012.

3. The Nomination and Remuneration Committee calls for a meeting when a recruitment process for director or executive is needed. The Chairman of the Nomination and Remuneration Committee assigns the secretary to send out the letter of invitation and supporting documents. The procedures for sending the letter shall be the same as those of the Board of Directors. The Nomination and Remuneration Committee had held a total of 3 regular meetings in 2012.

4. The Executive Board has scheduled the meeting twice a month, every other week. The procedures for sending the letter of invitation and supporting documents are the same as those of the Board of Directors. The Executive Committee had held a total of 23 meetings in 2012.

#### Number of Meetings that each Director attended in 2012

Name	Attendance/Numbers of Meeting (times)			
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Executive Board
1. Mr. Apirag Vanich	6/7			
2. Mr. Vichai Dhepchalerm	7/7	12/12	3/3	
3. Mrs. Phortchana Manoch	7/7			23/23
4. Dr. Sucha Nimmannit	7/7			23/23
5. Dr. Krisada Banchuin	7/7	12/12	3/3	
6. Mr. Sirichai Manoch	7/7	12/12		20/23
7. Mrs. Kanchana Chitrudiamphai	6/7			
8. Sec. Lieut. Kittit Toranin	7/7	12/12	3/3	
9. Prof. Dr. Saweak Weerakiet	6/7	4/12	3/3	
10. Ms. Oranuj Vanich	7/7			

✧ The Minutes of each Meeting were recorded in written format and kept in the appropriate filing system retrievable. The record cannot be edited without the approval



from the respective committee's meeting, and must be available for the Board or related parties to review.

✧ The Board of Directors provides the annual self-evaluation by evaluating each individual's performance and summarizes in order to review works, problems and obstacles throughout the year. This shall enhance efficiency and effectiveness in performance of the Board and also relationship between the Board and Management team.

✧ The Board of Directors and the Audit Committee carefully and properly review related transactions and transactions with conflict of interest as required by regulations of the Stock Exchange of Thailand.

✧ The Board of Directors participates in the seminars organized by related parties such as Thai Institute of Directors (IOD), the Stock Exchange of Thailand, etc. in order to develop and enhance professional skills of each individual who acts as a Director of the Company. These Board members have attended various training courses and seminars organized by IOD (see Directors' Biography under Shareholding Structure and Management on pages 7-14).

In 2012, the Director (s) attending the course offered by the Thai Institute of Directors Association (IOD) was Dr.Krisada Banchuin who attended the Director Certification Program 156/2012 (DCP) and Role of the Compensation Committee (RCC).

✧ The Nomination and Remuneration Committee had followed proper procedures by comparing them to those in the similar industry, class level, experience, scope of operation and responsibility, including expected performance in accordance with the results expected and approved in the General Meeting of Shareholders. The presentation has to be transparent and independent, bearing in mind that the Committee members are not the Management so that the discussions can be independent with no prejudice from the Management involvement.

✧ The Company puts emphasis on internal control system both in the management and operational levels for greater efficiency. The Board of Directors has set up a written charter for the Audit Committee for clear guidelines in operation. Such charter is in line with the Good Corporate Governance and the regulations of the Stock Exchange of Thailand regarding the Audit Committee's qualifications and scopes of work.

The Company has appointed the Internal Audit Department to ensure that the main operations and key financial activities of the Company follow the defined guidelines and to review if these practices abide by the law and regulations related to the Company. To assure the independence for the Internal Auditor in auditing and creating balance, the Audit Committee has set up charter for Internal Audit Department. This also allows staff at all levels to understand the purposes, scopes of work, authority, and responsibility of Internal Audit in the organization. Reports of



Internal Audit should be sent to the Audit Committee and the Chairman of the Executive Board for consideration.

✧ The Company has given great importance to the Risks Management of the 2 Hospitals by appointing the corresponding Committees to manage such risks at both Hospitals with the following duties :

1. Define the policies for Risks Management in line with the Quality Development plan of the Hospitals.
2. Formulate guidelines for prevention and correction of the risks in the Hospitals.
3. Coordinate and compile information on risks of various work units including other risk programs.
4. Follow up and evaluate the results of the Risks Management Program of the Hospitals.
5. Summarize and forward the report of various risks including problems/ suggestions/preventive measures to the Senior Leadership Team.
6. Collaborate in the analysis and trends of each category of risks and present to the Executive Board or the responsible units for further actions.
7. Plan the survey schedule to various departments on the risks issues.
8. Follow up and analyze information on various risks levels of the organization for preventive measures and quality control plans.

✧ At the 277 Board of Directors meeting on February 27, 2013, there was an evaluation of sufficiency and propriety of the Company's internal control system in 2012. All members of the Audit Committee attended this meeting, and the Board of Directors agreed that the Company's internal control system has been continuously developed since it is critical matter. Development in operational personnel for internal control has been administered constantly. This allows a follow-up and control on the Company's operation in order to protect the Company's asset from exploitation by the Management without authority. In 2012, the Company found no significant flaw related to the internal control system that may affect the company's operational results and financial reports.



## Management Analysis and Comments

The Company operates private hospital business with the first Aikchol Hospital catering to general patients, while the Aikchol 2 Hospital provides medical care to both the general public and the Social Security subscribers who live or work in Cholburi and nearby areas.

### Operational Results

#### Revenues

Medical revenues of both Hospitals combined in 2012 increased from Baht 1,071.23 million to Baht 1,264.01 million or +18.0% from prior year. From the general patients, the income registered an increase of +Baht 128.76 million or +15.1% divided into:

(1) The Aikchol Hospital reported an increase in medical income from Baht 740.67 million to Baht 847.04 million in 2012, or +14.4% from 2011, representing a rise in the numbers of patients of +10.8% in OPD and +6.0% in IPD. Bed occupancy averaged around 70% with seasonal fluctuations during the year.

(2) The Aikchol 2 Hospital showed an increase in revenues from Baht 330.56 million to Baht 416.97 million in 2012, or +26.1%. OPD rose by +12.5% and IPD +11.1% for the general patients. Social Security members reached 137,333 subscribers against 118,597 in 2011, or +15.8%, from a quota of 120,000 (with automatic +15% allowance for flexibility.)

#### Other Income

Such income was +Baht 1.70 million or +7.8% from last year being due to investment in the Government Treasury Open End Fund yielding an increase of +Baht 1.76 million when compared to 2011.

#### Expenses

Cost of providing medical care plus administrative expenses of the two Hospitals combined reached Baht 1,063.55 million, an increase of +Baht 120.37 million or +12.8% from prior year. These expenses varied proportionate to the number of patients; however, as a percentage to revenues, the ratio came down by -3.7% from 86.3% in 2011 to only 82.6% currently. The effective cost control may be attributed to the high number of patients in all sectors leading to the economies of scale in our management of all resources.

#### Interest Expense

No interest expense was incurred in 2012 as the Company had repaid all outstanding loans in 2011.



### **Corporate Income Tax**

The amount increased by +Baht 6.74 million or +15.0% from 2011 in accordance with the increase in profits, and partly offset by the reduction in the corporate income tax rate from 30% to 23%.

### **Net Profit**

Net profit after tax jumped to Baht 172.36 million or +Baht 70.62 million from 2011 (+69.4%), with gross margins of 23.5% against 20.3% in 2011. Earnings per share thus rose to Baht 1.38 (at Baht 1 par value) from Baht 0.81 in prior year (or Baht 8.14 at Baht 10 par value in 2011).

### **Comprehensive Income**

Such income rose by +Baht 68.95 million or +55.2% from the recording of the Company's investment in the shares of the Bangkok Dusit Medical Services Public Company Limited at a cost of Baht 2,199,995 to the closing price at year end.

### **Financial Status**

#### **Assets**

- Cash and cash equivalents increased by +Baht 104.75 million to Baht 227.92 million per cashflow.

- Accounts receivable rose by +Baht 8.40 million to Baht 54.19 million consisting of current customers not yet due of Baht 45.41 million or +Baht 7.68 million, and a collection time of only 15 days. These debts are of good quality from governmental units, health and life insurance companies, contract partners, and a few from individual clients, the majority of whom paid in cash. Reviews of all debts and reserves/write-offs are performed quarterly in accordance with the standard accounting practice and the remaining list is kept up to date.

- Long-term investment of the Company is in the shares of the Bangkok Dusit Medical Services Company Limited at a cost of Baht 2.20 million and recorded at Baht 75.67 million at the price at year end, with an unrealized profit of Baht 73.47 million.

- Inventory came down by -Baht 1.36 million consisting of medicines and medical supplies totaling Baht 31.08 million, or a turnover of only 12 days. No reserves are thus planned given the continuous disbursements.

- Fixed Assets of the Company and the subsequent renovations thereof together with all the medical equipments acquired have been recorded in accordance with the accounting principles, and will be depreciated according to their useful lives. During 2012, the Company has acquired a number of medical equipments amounting to Baht 24.23 million plus a piece of land next to the Aikchol Hospital at Baht 27.35 million currently used as parking space for customers.



## **Liabilities and Source of Fund**

### **Financial Structure**

Permanent assets of the Company amounted to Baht 738.89 million, net of depreciation, and were financed by the proper long-term source i.e. Equity of Baht 1,017.22 million, which was more than the value of net assets. Normal everyday's transactions and investments are financed by its own cashflow with reasonable amount of bank deposits as a cushion, in line with the investment plan.

### **Liabilities**

The Company has been free of debts since late 2011 with remaining liabilities being Accounts payable to trade partners, which have always been settled on time. Also, the Company has recorded potential contingent liabilities regarding retirement benefits of employees amounting to Baht 26.36 million as required by law.

Other contingent liabilities include Bank Guarantees issued for utilities usage to the Provincial Electricity Authority and to the Social Security Office amounting to Baht 12.34 million

### **Equity**

Leverage decreased continuously from year to year to 0.16 in 2012 from total loan repayments and successive increases in retained earnings, along with the appreciation in the price of the marketable security.

### **Liquidity**

Cash on hand and in banks as at year end 2012 amounted to Baht 227.92 million, which was more than adequate to meet payments due to creditors, including year-end corporate income tax, dividend, etc. with no needs to borrow further. The items remained are some additional medical equipments to be acquired at both Hospitals for quality service improvements in face of increasing number of patients and also in line with our major investment plan.

### **Current Ratio**

The above ratio increased satisfactorily from 1.82 in 2011 to 2.59 currently from the positive cashflow while the current liabilities remained at the same level as last year.

### **Potential Internal and External Risks to the Company**

As already stated elsewhere in this Annual Report, fierce competition and intense marketing drives have always been the greatest concerns for all private hospitals everywhere. Currently, the dividing lines between state hospitals, middle class, high end, and the "Medical Hubs" are basically non-existent. Every medical organization aims for all customers in any target market they can acquire. To further





complicate the problem, the scarcity of medical personnel has been pushing up cost for all hospitals amidst price cutting on the other hand to win customers.

And for hospitals participating in the Social Security Program, the economic hardship has pushed those who are eligible, to use this right first. Coupled with the high expenses of sending patients to the “Supra Contractor” for complicated operations and procedures, the Aikchol 2 Hospital will have this risk to contend with in the coming years.



## Connected Transactions

### Connected Transactions

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

### Measures and Procedures in approving Connected Transactions

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

### Policy and Trend of future Connected Transactions

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



## Report of the Audit Committee

The Board of Directors of the Aikchol Hospital Public Company Limited has resolved that the following persons shall be appointed to the Audit Committee, as follows :

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

All 4 members of the Audit Committee are Independent Directors while Mr.Sirichai Manoch was appointed Secretary to the Audit Committee.

In 2012, the Audit Committee had held 10 meetings at the Aikchol Hospital, and another 12 meetings at Aikchol 2 Hospital, in accordance with the scope of responsibilities assigned by the Company's Board of Directors, and in compliance with the requirements of the Stock Exchange of Thailand including the regulations of the Securities and Exchange Commission.

The Audit Committee is aware of the responsibility to ensure that the implementation of the Company's policies are performed efficiently and transparently, and cross-checking could be performed in every step without causing any conflict of interest, and not contrary to regulations, laws or requirements that the Company must comply with, all with good collaboration from the Management.

In the course of performing such duties, the Audit Committee has already considered and selected the external Auditors and fixed the audit fee for the year 2013, in order to present to the Company's Board of Directors for consideration and forwarding for approval at the Shareholders' Meeting for the year 2013, for the appointment of the Dharmniti Auditing Company Limited as the Company's Auditors with remuneration of Baht 800,000.

From the reports of the external Auditors, and the internal audit results issued by the Internal Audit department, as well as various discussions with Auditors and internal auditors, the Audit Committee has considered and deemed that the Company has adequate internal control systems appropriate and compatible to the business. No defects that would materially affect the Company's financial statements are found. The Company's financial statements are considered accurate and complete according to the accounting principles generally accepted and that they disclose adequate information.

On behalf of the Audit Committee

**( Mr.Vichai Dhepchalerm )**

**Chairman of the Audit Committee**



## Report of the Board of Directors' Responsibility for Financial Statements

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

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

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

According to such management structure and internal control system and the result from the authorized accounting auditor, the Board of Directors believes that the financial statement of Aikchol Hospital Public Company Limited as of December 31, 2012 have correctly reported financial status, operational result, and cashflow in significant details as per the generally certified accounting standard.

(Mr. Apirag Vanich)  
Chairman of the Board

(Mrs. Phortchana Manoch)  
Chairman of Executive Board



## **Auditor Report of Certified Public Accountant**

**To The Shareholders and Board of Directors of**

**Aikchol Hospital Public Company Limited**

I have audited the accompanying financial statements of Aikchol Hospital Public Company Limited, which comprise the statement of financial position as at December 31, 2012, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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



## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aikchol Hospital Public Company Limited as at December 31, 2012, and the results of its operations and the changes in its shareholders' equity and its cash flows for the year then ended in accordance with the Financial Reporting Standards.

(Miss Chantra Wongsri - Udomporn)

Certified Public Accountant

Registration No. 4996

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 6, 2013

2013/50/0240



**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**

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**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2012**



**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2012 AND 2011**

**ASSETS**

	Note	Baht	
		2012	2011
<b>Current assets</b>			
Cash and cash equivalents	7	227,916,863	123,167,675
Current investments	8	12,340,000	12,188,000
Trade receivable	9	54,191,797	45,792,080
Accrued income		31,041,100	30,171,304
Inventories	10	31,078,746	32,441,763
Other current assets		2,693,087	2,545,000
<b>Total current assets</b>		<b>359,261,593</b>	<b>246,305,822</b>
<b>Non-current assets</b>			
Long-term investment	8	75,666,591	54,166,612
Property, plant and equipment	11	738,891,012	716,514,510
Intangible assets	12	8,656,572	9,012,696
Other non-current assets		52,050	52,050
<b>Total non-current assets</b>		<b>823,266,225</b>	<b>779,745,868</b>
<b>Total assets</b>		<b>1,182,527,818</b>	<b>1,026,051,690</b>

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





**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONT.)**  
**AS AT DECEMBER 31, 2012 AND 2011**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	Note	Baht	
		2012	2011
<b>Current liabilities</b>			
Trade accounts payable		61,538,793	61,871,033
Other payable		3,904,614	4,844,034
Accrued expenses		42,684,165	35,340,324
Accrued income tax expenses		22,753,326	26,168,258
Other current liabilities	13	8,067,997	6,891,585
<b>Total current liabilities</b>		<b>138,948,895</b>	<b>135,115,234</b>
<b>Non-current liabilities</b>			
Employee benefits obligation	14	26,363,657	23,992,379
<b>Total non-current liabilities</b>		<b>26,363,657</b>	<b>23,992,379</b>
<b>Total liabilities</b>		<b>165,312,552</b>	<b>159,107,613</b>

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



**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONT.)**  
**AS AT DECEMBER 31, 2012 AND 2011**

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

	Note	Baht	
		2012	2011
<b>Shareholders' equity</b>			
Share capital			
Authorised share capital			
125,000,000 ordinary shares of Baht 1 each		125,000,000	125,000,000
Issued and paid-up share capital			
125,000,000 ordinary shares of Baht 1 each		125,000,000	125,000,000
Share premium		74,000,000	74,000,000
Retained earnings			
Appropriated to legal reserve		12,500,000	12,500,000
Unappropriated		732,248,671	603,477,461
Unrealised gain from long-term investments	8	73,466,595	51,966,616
<b>Total shareholders' equity</b>		<b>1,017,215,266</b>	<b>866,944,077</b>
 <b>Total liabilities and shareholders' equity</b>		 <b>1,182,527,818</b>	 <b>1,026,051,690</b>

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



**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

		Baht	
	Note	2012	2011
<b>Revenues</b>			
Medical service income		1,264,007,500	1,071,226,091
Other income	17	23,460,738	21,765,988
<b>Total revenues</b>		<b>1,287,468,238</b>	<b>1,092,992,079</b>
<b>Expenses</b>			
Cost of medical services		967,015,037	853,993,154
Administrative expenses		73,345,284	65,502,491
Directors and management's remuneration	20	23,190,000	23,685,250
Financial cost		-	3,253,949
<b>Total expenses</b>		<b>1,063,550,321</b>	<b>946,434,844</b>
<b>Profit before income tax expenses</b>		<b>223,917,917</b>	<b>146,557,235</b>
Income tax expenses	21	51,555,481	44,810,550
<b>Profit for the year</b>		<b>172,362,436</b>	<b>101,746,685</b>
<b>Other comprehensive income</b>			
Gain from long-term investments		21,499,979	23,166,643
<b>Other comprehensive income for the year</b>		<b>21,499,979</b>	<b>23,166,643</b>
<b>Total comprehensive income for the year</b>		<b>193,862,415</b>	<b>124,913,328</b>
<b>Basic earnings per share (Baht per share)</b>	24	<b>1.38</b>	<b>0.81</b>

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

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

Baht

	Note	Issued and paid-up share capital	Share premium	Retained earnings		Unrealised gain from long- term investments	Total shareholders' equity
				Appropriated to legal reserve	Unappropriated		
<b>Beginning at January 1, 2011</b>		<b>125,000,000</b>	<b>74,000,000</b>	<b>12,500,000</b>	<b>554,550,537</b>	<b>28,799,973</b>	<b>794,850,510</b>
Impact of changes in accounting policies							
Employee benefit obligations	4	-	-	-	(21,683,171)	-	(21,683,171)
<b>Balance at January 1, 2011 - restated</b>		<b>125,000,000</b>	<b>74,000,000</b>	<b>12,500,000</b>	<b>532,867,366</b>	<b>28,799,973</b>	<b>773,167,339</b>
Dividends	24	-	-	-	(31,136,590)	-	(31,136,590)
Total comprehensive income for the year		-	-	-	101,746,685	23,166,643	124,913,328
<b>Balance at December 31, 2011</b>		<b>125,000,000</b>	<b>74,000,000</b>	<b>12,500,000</b>	<b>603,477,461</b>	<b>51,966,616</b>	<b>866,944,077</b>
Dividends	24	-	-	-	(43,591,226)	-	(43,591,226)
Total comprehensive income for the year		-	-	-	172,362,436	21,499,979	193,862,415
<b>Balance at December 31, 2012</b>		<b>125,000,000</b>	<b>74,000,000</b>	<b>12,500,000</b>	<b>732,248,671</b>	<b>73,466,595</b>	<b>1,017,215,266</b>

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



**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	Baht	
	2012	2011
<b>Cash flows from operating activities</b>		
Profit for the year	172,362,436	101,746,685
Adjustments for		
Depreciation and amortisation	48,700,899	47,943,391
Interest income	(3,050,297)	(1,291,501)
Interest expenses	-	3,253,949
Bad debt written off and allowance for doubtful accounts	172,408	404,485
(Gain) loss on sale of fixed assets	(1,164,193)	1,349,063
Loss on assets written off	449,439	1,030,647
Dividend income	(733,333)	-
Employee benefits obligation cost	4,549,078	4,523,888
Income tax	51,555,481	44,810,550
	272,841,918	203,771,157
<b>Changes in operating assets and liabilities</b>		
Trade accounts receivable	(8,572,125)	(10,833,303)
Accrued income	(871,372)	5,214,396
Inventories	1,363,017	(8,279,974)
Other current assets	(148,087)	(701,210)
Trade accounts payable	(332,240)	12,384,020
Accrued expenses	7,343,841	4,488,378
Other current liabilities	1,176,412	477,480
Employee benefits abigation	(2,177,800)	(2,214,680)
Cash flows received operating activities	270,623,564	204,306,264
Income tax paid	(54,970,413)	(29,443,030)
<b>Net cash provided by operating activities</b>	<b>215,653,151</b>	<b>174,863,234</b>

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



**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS (CONT.)**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	Baht	
	2012	2011
<b>Cash flows from investing activities</b>		
Interest received	3,051,873	1,276,228
Dividend received	733,333	-
Current investments	(152,000)	(1,304,000)
Purchase of land, plant and equipment	(70,685,507)	(30,579,176)
Purchase of intangible assets	(1,474,835)	-
Sale of equipment	1,214,399	298,766
Retention payable	-	(495,437)
<b>Net cash used in investing activities</b>	<b>(67,312,737)</b>	<b>(30,803,619)</b>
<b>Cash flows from financing activities</b>		
Interest paid	-	(3,685,422)
Dividends paid	(43,591,226)	(31,136,590)
Repayment of borrowing	-	(86,000,000)
<b>Net cash used in financing activities</b>	<b>(43,591,226)</b>	<b>(120,822,012)</b>
<b>Net increase in cash and cash equivalents</b>	<b>104,749,188</b>	<b>23,237,603</b>
Cash and cash equivalents at beginning of year	123,167,675	99,930,072
<b>Cash and cash equivalents at end of year</b>	<b>227,916,863</b>	<b>123,167,675</b>

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

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**1. GENERAL INFORMATION**

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

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

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

**2. BASIS OF PREPARATION**

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

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

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

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

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

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

**3. NEW ACCOUNTING STANDARDS ISSUED DURING THE YEAR AND NOT YET EFFECTIVE**

On March 15, 2012, the Federation of Accounting Professions (FAP) has issued the financial reporting standard TFRS 8: Operating Segment (replaced IAS 14 : Segment Reporting), which is effective for fiscal year beginning on or after January 1, 2013.

The management of the Company is evaluating the impact on the financial statements when this financial reporting standard is initially applied.

**4. Effect of changes in accounting policies due to adoption of new accounting standards**

From January 1, 2011, consequent to the adoption of new and revised TFRS, the Company has affected to the financial statements as follows:

**Adjustment of financial statements**

	Baht
Retained earnings at December 31, 2010 - as reported (Before restated)	554,550,537
Increase in employee benefits obligation	(21,683,171)
Retained earnings at January 1, 2011 (After restated)	<u>532,867,366</u>

**Statement of comprehensive income for the year ended December 31, 2011**

	Baht
Increase in employee benefits obligation cost	4,523,888
Decrease in profit for the year	(4,523,888)
Decrease in earnings per share (Baht)	0.36

**5. SIGNIFICANT ACCOUNTING POLICIES**

**5.1 Cash and cash equivalents**

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



**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

**5.2 Trade and other accounts receivable**

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

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

**5.3 Inventories**

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

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

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

**5.4 Investment**

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

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

**5.5 Property, plant and equipment**

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

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

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

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

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

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

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

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

#### **5.6 Intangible asset**

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

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

#### **5.7 Impairment**

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

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

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

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

**5.8 Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**5.9 Provision**

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

**5.10 Employee benefits**

Short-term employment benefits

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

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans)

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

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

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

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

The Company has opted to record the entire amount of this liability as an adjustment to retained earnings as at January 1, 2011, in accordance with the transitional provisions of TAS 19.

**5.11 Revenue**

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

Revenues from medical service

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

Revenues from social security is recognised on an accrual basic.

Revenues from food and beverage

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

Interest and dividend income

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

Others income

Others income is recognised on an accrual basis.

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

**5.12 Expense**

Expenses are recognised on an accrual basis.

**5.13 Operating lease**

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

**5.14 Income tax**

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date and applicable to the reporting period, and any adjustment to tax payable in respect of previous years. (See note 21)

**6. SEASONAL OPERATION**

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

**7. CASH AND CASH EQUIVALENTS**

Consisted of :-

	Baht	
	2012	2011
Cash on hand	5,502,854	3,592,279
Cash at bank - savings accounts and current accounts	89,070,598	70,553,920
Fixed deposits	2,392,142	2,544,724
Short-term investment	130,951,269	46,476,752
<b>Total</b>	<b>227,916,863</b>	<b>123,167,675</b>

Cash at bank-savings interest at the floating rates at 0.75% and fixed deposits interest are set by the bank at the rates of 1.800 - 1.875%.

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

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

**8. INVESTMENTS**

Consisted of :-

	Baht	
	2012	2011
<b>Current investments</b>		
Short-term deposits at financial institutions	12,340,000	12,188,000
<b>Long-term investment</b>		
Equity security available for sale	75,666,591	54,166,612
<b>Total</b>	<b>88,006,591</b>	<b>66,354,612</b>

As at December 31, 2012 and 2011, the Company invests in fixed deposits which has a term of 3 months over but it is not more than one year. These current investments bear interest at the rates of 1.75 per annum for 2012 and 1.875 per annum for 2011.

As at December 31, 2012 and 2011, fixed deposits in the amount of Baht 12.34 million and 12.19 million, respectively, are pledged as collateral for the letters of guarantee issued by a commercial bank.

Equity security available for sale consisted of:-

	Holding of interest (%)		Million Baht			
	2012	2011	2012		2011	
			Cost	Market value	Cost	Market value
Bangkok Dusit Medical Services Plc.	0.06	0.06	2.20	75.67	2.20	54.17
<u>Add</u> unrealised gain from						
Revaluation of security			73.47		51.97	
<b>Total</b>			<b>75.67</b>		<b>54.17</b>	

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

**9. TRADE ACCOUNTS RECEIVABLE**

Consisted of :-

	Baht	
	2012	2011
Within credit terms	45,408,814	37,731,515
Overdue:		
Less than 3 months	5,754,328	4,007,231
3-6 months	2,761,132	3,577,805
6-12 months	681,476	1,213,470
Over 12 months	703,397	396,433
	55,309,147	46,926,454
<u>Less</u> allowance for doubtful accounts	<u>(1,117,350)</u>	<u>(1,134,374)</u>
<b>Net</b>	<b><u>54,191,797</u></b>	<b><u>45,792,080</u></b>

The normal credit term granted by the Company ranges from 30 days to 120 days. During the year 2012 and 2011, the Company reversed and wrote bad debts off in the amount of Baht 0.02 million and Baht 0.19 million, respectively. The Company has considerate that they will not able to collect the money from all those receivable accounts.

**10. INVENTORIES**

Consisted of :-

	Baht	
	2012	2011
Medicine and medical supplies	25,546,578	27,198,624
Supplies	5,532,168	5,243,139
<b>Total</b>	<b><u>31,078,746</u></b>	<b><u>32,441,763</u></b>



## AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2012 AND 2011

## 11. PROPERTY, PLANT AND EQUIPMENT

Consisted of :-

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

	Baht				
	Balance per book as at Dec. 31, 2010	Additions	Transfer in (Transfer out)	Deductions	Balance per book as at Dec. 31, 2011
<u>Cost</u>					
Land	60,806,300	-	-	-	60,806,300
Buildings and building improvement	743,322,372	-	9,911,500	(2,464,498)	750,769,374
Medical equipment	169,207,212	12,838,841	850,000	(2,634,975)	180,261,078
Furniture and fixture	50,162,732	1,765,616	288,615	(1,548,317)	50,668,646
Office equipment	60,554,043	2,791,274	91,385	(3,568,423)	59,868,279
Vehicles	15,380,834	1,120,000	-	(764,736)	15,736,098
Assets under construction and installation	1,086,000	10,913,754	(11,141,500)	-	858,254
Total	1,100,519,493	29,429,485	-	(10,980,949)	1,118,968,029
<u>Less accumulated depreciation</u>					
Buildings and building improvement	179,469,284	23,247,426	-	(825,728)	201,890,982
Medical equipment	102,110,044	12,658,191	(62,497)	(2,527,315)	112,178,423
Furniture and fixture	31,991,264	3,151,282	8,617	(1,529,277)	33,621,886
Office equipment	39,112,429	6,389,713	53,880	(2,655,418)	42,900,604
Vehicles	11,850,647	775,712	-	(764,735)	11,861,624
Total	364,533,668	46,222,324	-	(8,302,473)	402,453,519
<b>Net</b>	<b>735,985,825</b>				<b>716,514,510</b>





**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

Depreciation of the plant and equipment for the years ended December 31, 2012 and 2011 which were included in cost of medical services and administrative expenses, consisted of :-

	Baht	
	2012	2011
Cost of medical services	39,291,517	38,363,144
Administrative expenses	7,578,424	7,859,180
<b>Total</b>	<b>46,869,941</b>	<b>46,222,324</b>

As at December 31, 2012 and 2011, certain equipment and vehicle items of the Company have been fully depreciated but are still in use of cost in amount of Baht 116.16million and Baht 127.89 million, respectively.

A portion of land, building and construction in progress, including future construction were pledged as collateral security for the long-term loan and a bank overdraft with a net book value as at December 31, 2012 and 2011 of approximately amounted of Baht 584.22 million and Baht 602.02 million, respectively.

As at December 31, 2012 and 2011, the Company covered All Risks Insurance Policy (ARIP) with an insurer for a total insured value of approximately Baht 1,075.98 million and Baht 1,056.39 million, respectively. The ARIP is renewed on an annual basis and a portion of proceeds from insurance claims under the ARIP, Baht 475.65 million and Baht 461.55 million, respectively, is assigned to lender under the land and construction mortgage agreement.

During the year 2012, the Company has entered into purchase of land contracts with a person to buy 582 square wah of land in the amount of Baht 27.35 million where locates at Chonburi province. The land payment of 27.35 million is fully paid on the same date. The ownership of land is also transferred to the Company' name at this date. The purpose of purchasing the land is business expansion in the future. Currently, the land is operated for Aikchol 1 hospital car park and the Company has invested in buildings and building improvement with its equipment in the total amount of Baht 5.67 million such as Boiler of Baht 1.81 million, garage of Baht 2.45 million, invested in medical equipment of Baht 24.23 million such as Digital Mammogram Examination of Baht 9 million. X-Ray C-arm of Baht 5.67 million. Moreover, the Company has purchased vehicle of Baht 5.06 million. The Company sold off fixed asset to other person and disposed many item of fixed asset from its account at the cost of Baht 13.92 million and 6.92 million, respectively, the net book value of them are Baht 0.05 million and 0.45 million, respectively.



**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

During the year 2011, the Company invested in buildings and building improvement with its equipment in the total amount of Baht 9.91 million such as renovation of Orthopedies department of Baht 2.60 million, Decoration of conference room of Baht 2.02 million and purchase of chiller of Baht 3.83 million. Moreover, the Company has purchased medical equipment of Baht 12.84 million. The Company sold off fixed assets to other person and disposed many item of fixed assets from its account at the cost of Baht 5.12 million and 5.86 million, respectively. The net book values of them are Baht 3.47 million and 4.83 million, respectively.

**12. INTANGIBLE ASSETS**

Consisted of :-

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

Baht				
	Balance per book as at Dec. 31, 2010	Additions	Transfer in (Transfer out)	Balance per book as at Dec. 31, 2011
<u>Cost</u>				
Computer software	20,353,702	-	1,738,750	22,092,452
Computer software under installation	1,738,750	-	(1,738,750)	-
Total	22,092,452	-	-	22,092,452
<u>Less</u> accumulated amortisation	11,358,689	1,721,067	-	13,079,756
<b>Net</b>	<b>10,733,763</b>			<b>9,012,696</b>



**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

Amortisation of intangible assets for the years ended December 31, 2012 and 2011, which were included in cost of medical services and administrative expenses, consisted of:-

	Baht	
	2012	2011
Cost of medical services	1,143,453	1,067,823
Administrative expenses	687,505	653,244
<b>Total</b>	<b>1,830,958</b>	<b>1,721,067</b>

As at December 31, 2012 and 2011, certain intangible assets items of the Company have been fully amortised but they are still in used of cost in the amount of Baht 5.70 million and Baht 5.70 million, respectively.

**13. OTHER CURRENT LIABILITIES**

Consisted of :-

	Baht	
	2012	2011
Accrued dividend payment	476,453	341,154
Withholding tax	3,252,870	2,956,396
Advance received	3,171,096	2,281,344
Retention payable	192,500	192,500
Others	975,078	1,120,191
<b>Total</b>	<b>8,067,997</b>	<b>6,891,585</b>

**14. EMPLOYEE BENEFITS OBLIGATION**

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

**The statements of financial position**

	Baht	
	2012	2011
For the year ended December 31, 2012 and 2011		
Defined benefits obligation at January 1,	23,992,379	21,683,171
Benefits paid by the plan	(2,177,800)	(2,214,680)
Current service and interest costs	4,549,078	4,523,888
Defined benefits obligation at December 31,	<b>26,363,657</b>	<b>23,992,379</b>

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

**Expenses recognised in statements of comprehensive income**

	Baht	
	2012	2011
For the year ended December 31, 2012 and 2011		
Current service cost	3,734,946	3,788,113
Interest on obligation	814,132	735,775
Total	4,549,078	4,523,888

**Principal actuarial assumptions at the reporting date**

	%
For the year ended December 31, 2012 and 2011	
Discount rate	3.3933
Salary increase rate	5
Employee turnover rate	8-23
Disability rate	5*

\* reference to mortality rate in B.E. 2008

**15. RESERVES AND LEGAL RESERVES**

Share premium

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

Unrealised gain/loss

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

Legal reserve

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



**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

**16. SEGMENT INFORMATION**

Aikchol Hospital Public Company Limited operates solely in the hospital business in Thailand and therefore there is no segment information to disclose.

**17. OTHER INCOME**

Consisted of :-

	Baht	
	2012	2011
Revenue from sales of food and beverages	4,946,558	4,606,422
Revenue from sharing of kidney hemodialysis	6,429,000	5,924,700
Rental space income	2,568,494	2,360,691
Interest income	3,050,297	1,291,501
Others	6,466,389	7,582,674
<b>Total</b>	<b>23,460,738</b>	<b>21,765,988</b>

**18. EXPENSES BY NATURE**

Significant expenses by nature for the years ended December 31, 2012 and 2011 are as follow:-

	Baht	
	2012	2011
Personnel	375,679,119	335,412,378
Doctor fee	243,081,707	203,011,465
Medicine, medical supplies and supplies	240,671,547	211,163,819
Depreciation and amortisation	48,700,899	47,943,391
Financial cost	-	3,253,949
Others	155,417,049	145,649,842
<b>Total</b>	<b>1,063,550,321</b>	<b>946,434,844</b>

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

**19. PROVIDENT FUND**

The defined contribution plans comprise provident funds established by companies in the Company for their employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates 3% of their basic salaries and by the Company at rates 3% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager. The Company's contributions for the years ended December 31, 2012 and 2011 in the amount of to Baht 3.30 million and Baht 2.94 million, respectively.

**20. DIRECTORS AND MANAGEMENT'S REMUNERATION**

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

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

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

**21. CORPORATE INCOME TAX**

Corporate income tax for the year 2011 is calculated by multiplying from tax profits by the rate of 30% of net profits. Corporate income tax is calculated by multiplying earnings represents net profit before income tax for the period, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

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

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

**22. SHARE CAPITAL**

At the ordinary shareholders' meeting held on April 18, 2012, the shareholders approve the change in the number of shares and par value of the ordinary shares of the Company by increasing the number of shares from 12,500,000 shares to 125,000,000 shares and changing the par value from Baht 10.00 per share to Baht 1.00 per share. The Company had already registered with the Department of Business Development on April 30, 2012.

**23. DIVIDENDS**

Year 2012

At the annual general meeting Shareholders of the Company held on April 18, 2012 the shareholders approve the appropriation of dividend from operating results of 2011 of Baht 3.50 per share, 12.5 million shares, amounting to Baht 43.75 million. The dividend was paid to shareholders in May 2012.

Year 2011

At the annual general meeting shareholders of the Company held on April 11, 2011, the shareholders approve the appropriation of dividend from operating results of 2010 of Baht 2.50 per share, 12.5 million shares, amounting to Baht 31.25 million. The dividend was paid to shareholders in May 2011.

**24. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the years by the weighted average number of ordinary shares which are issued and paid-up during the year.

	2012	2011
Profit for the year (Baht)	172,362,436	101,746,685
Weighted average number of ordinary share (Shares)	125,000,000	125,000,000
Earnings per share (Baht per share)	1.38	0.81

**25. CAPITAL MANAGEMENT**

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

According to the statement of financial position as at December 31, 2012 and 2011, the Company's debt-to-equity ratio was 0.16 : 1 and 0.18 : 1, respectively.

**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

**26. FINANCIAL INSTRUMENTS**

**26.1 Financial risk management policies**

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

**26.2 Interest rate risk**

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

**26.3 Credit risk**

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

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

**26.4 Liquidity risk**

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





**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

**26.5 Fair value**

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

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

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

**27. COMMITMENTS WITH NON-RELATED PARTIES**

As at December 31, 2012 and 2011, the Company has commitments as follows :-

		Baht	
		2012	2011
28.1	Letters of guarantee issued by a commercial bank to the government unit and the state enterprise.	12,340,000	12,188,000
28.2	Construction and equipment installation agreements	21,739,717	3,399,530
28.3	Operating lease commitments, the company has entered into an agreement in respect of lease of computer and equipment from a company. The term of the agreement is generally 3 years, future minimum rental payable was as follows:-		
	Payable within 1 year	1,531,388	2,357,077
	Payable within 2 to 3 years	1,531,388	3,062,775
		<b>3,062,776</b>	<b>5,419,852</b>

**28. LITIGATION**

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



**AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2012 AND 2011**

Progress of the Case

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

As at December 31, 2012, the lawsuit status is still on the process of the request to amend the plaintiff's petition filed.

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

**29. TO APPROVED THE FINANCIAL STATEMENTS**

The financial statements were authorised for issue by the Company's board of directors on February 6, 2013.



## กิจกรรมในรอบปี 2555



## EVENT DURING 2012



## บริการที่ดี คือหน้าที่ของเรา

โรงพยาบาลเอกชล ( Aikchol Hospital )

68/3 ถนนพระยาสุริยง ตำบลบ้านสวน อำเภอเมือง จังหวัดชลบุรี 20000

68/3 Phayasatja Rd., Bansuan, Muang, Chonburi 20000

โทรศัพท์ (Tel) 0 3893 9999 โทรสาร (Fax) 0 3827 3848

## อบอุ่น ปลอดภัย มั่นใจในเอกชล 2

โรงพยาบาลเอกชล 2 ( Aikchol 2 Hospital )

31/2 ถนนอ่างศิลา ตำบลเสม็ด อำเภอเมือง จังหวัดชลบุรี 20000

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