

รายงานประจำปี 2562
**Annual Report
2019**



**SMART HEALTH
STRONG LIFE**

ก้าวอย่างมั่นคงไปกับเรา
อบอุ่น มั่นใจ ที่ไทยนครินทร์




Teamwork and staff value


Non-stop learning and improvement


Hospitality and quality care

Medical Executive Committee



1. Jatuporn Sihanatkathakul
2. Charoen Meensook, M.D.
3. Vinai Viriyakitjar, M.D.
4. Seree Tuohinda, M.D.
5. Dhaivadee Dulayajinda, M.D.
6. Prapas Teerakul, M.D.
7. Hon. Clinical Prof. Chaiporn Bhadrakom, M.D.

8. Virachai Phungrasamee, M.D.
9. Arkom Cheirsilpa, M.D.
10. Siroj Kanjanapanjapool, M.D.
11. Peera Changkaew, M.D.
12. Chutima Bhadrakom, M.D.
13. Boonruang Tirivangworawat, M.D.





Thainakarin...

The Hospital **you can trust.**

Vision

Thainakarin Hospital has earned trust and respect from the general public since the establishment. The success in excellent care comes from the world class quality in health care, warm hospitality that treats every one like family, affordable price, effective and transparent management and positive attitude staff.



Mission

- To develop personnel competency, satisfaction and pride in the hospital.
 - To elevate the health care quality to be a world-class standard.
 - To progressively proceed with continuous and sustainable development of the hospital.
 - To achieve the best hospitality with a warm and family-like treatment that creates lasting impressions.
- To manage in accordance with the principles of good governance.

Smart Health
Strong Life





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Message from the Chairman

“We are fully geared up to wield our 26 years of extensive experiences in building business strength and maintaining the excellence in healthcare and hospitable services which are well recognized among customers all along. To keep pace with the changing global trends, we give priority to investment in advanced medical technologies and new specialized centers...”



In 2019, the world is experiencing transformation in every dimension upon the emergence of digital era, impelling all industries to get ready to adapt to impending abrupt changes. Thainakarin Hospital is well aware of such circumstances. However, medical facility business is still favored by various growth factors, namely health consciousness, transition into aging society, along with government support for Thailand as an international medical hub, the latter of which shall bring about more foreign customers.

We are fully geared up to wield our 26 years of extensive experiences in building business strength and maintaining the excellence in healthcare and hospitable services which are well recognized among customers all along. To keep pace with the changing global trends, we give priority to investment in advanced medical technologies and new specialized centers. Meanwhile, we still stay focused on being the hospital renowned for treatment of heart diseases by engaging proficient cardiologists on board at the Hospital's Heart Center.

On behalf of Thainakarin Hospital Public Company Limited, I would like to extend heartfelt appreciation to all customers, government and private agencies including our business partners for their constant trust and support. Additionally, I would like to thank all physicians, nurses and personnel for collectively working with utmost devotion, integrity and prudence, which greatly contributed to corporate performance. The Company shall adhere to the good corporate governance principles and strive for developments both in treatment and customer services, in order to achieve sustainable operations and maximum benefits for shareholders and investors.

Jatuporn Sihanatkathakul |
Chairman of the Board

Message from the Chief Medical Officer

“...In 2018, for example, Thainakarin Hospital was granted certification for establishment of Stroke Unit. The Hospital shall make every effort to improve these specialty centers and clinics toward being more specialized so as to care and cater for health-related needs of the service users.”



Attaching much significance to wellness of the people, Thainakarin Hospital has consequently earned unwavering trust of service users, especially those residing in eastern Bangkok area. The patrons include general service users since the start of the Hospital 26 years ago, companies in the vicinity that have become the key customers over the past ten years, as well as foreign customers that have been increasing in number during these 2-3 years.

A wide diversity of health problems urges the Hospital to pay serious attention to enhancing healthcare quality, in terms of medical personnel with greater extent of specialist expertise, advanced and efficient therapeutic equipment and technology, prompt collaboration and proficiency of the multidisciplinary team in rendering best services, along with development of the Hospital's centers or clinics for more profound specialties. In 2018, for example, Thainakarin Hospital was granted certification for establishment of Stroke Unit. The Hospital shall make every effort to improve these specialty centers and clinics toward being more specialized so as to care and cater for health-related needs of the service users.

Finally, as the Chief Medical Officer, I would like to assure all supporters that Thainakarin Hospital is completely prepared for accomplishing technological enhancement as well as developing our personnel so that they work to their full potential and become a powerful engine in driving the Hospital forward. We are also determined to manage the business with ethics, transparency and professional conduct so as to attain perpetual growth in this business.

A handwritten signature in blue ink, appearing to read 'Charoen Meensook'.

Charoen Meensook, M.D.
Chief Medical Officer

Board of Directors

Mr. Jatuporn Sihanatkathakul

Chairman of the Board

Age 78 Years

Appointment of Board of Director 11 October 2004



Education

- Bachelor Degree in Commerce and Accountancy, Chulalongkorn University
- Honorary Doctorate in Tourism and Hotels, Dhurakij Pundit University

IOD Training

- N/A

Work Experience

2004 - Present

- Chairman of the Board, Thainakarin Hospital Public Company Limited.

1999 - Present

- President, Thai Tourist Industry Association

1993 - Present

- Chairman of the Board, Landmark Overseas Development Company Limited.

1993 - Present

- Director, Siam Overseas Development Company Limited.

1982 - Present

- Managing Director, Siam Property Development Company Limited.

1989 - 2004

- Chairman of the Board, Thainakarin Hospital Company Limited

Current Position in other business

Listed Companies:

- N/A

Non-Listed Companies:

1999 - Present

- President, Thai Tourist Industry Association

1993 - Present

- Chairman of the Board, Landmark Overseas Development Company Limited.

1993 - Present

- Director, Siam Overseas Development Company Limited.

1982 - Present

- Managing Director, Siam Property Development Company Limited.

TNH Shares

Shares in Company: 21,540,000 Shares

(Spouse: 3,000,000 Shares)

Shareholding in the Company (%): 11.97

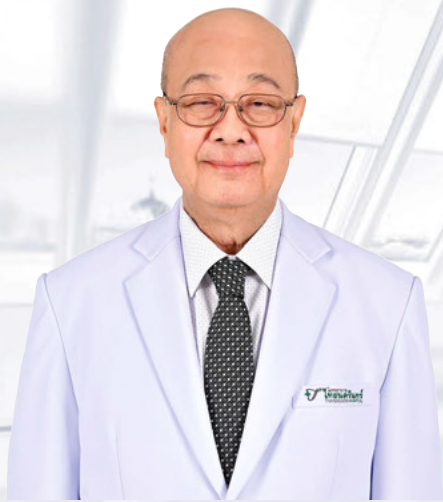
(Spouse: 1.67)

Family Relationship

- Father of Mr. Thiti Sihanatkathakul and Mr. Pitipat Sihanatkathakul
- Uncle of Mr. Norathep Sihanartkatakul

Attendance at the Board of Directors' Meeting

- 2/4



Dr. Charoen Meensook

Director / Chief Medical Officer

Age 77 Years

Appointment of Board of Director 11 October 2004

Education

- M.D. 1967
- Diplomate American Board of Internal Medicine & Subspecialty Board of Gastroenterology 1968- 1973
- New York State Board 1974
- DTM & H (Liverpool) 1974
- FACG 1975
- FACP 1986

IOD Training

- Director Accreditation Program (DAP) 2005, Thai Institute of Directors (IOD)

Work Experience

2004 - Present

- Director, Thainakarin Hospital Public Company Limited.

2011 - Present

- Chief Medical Officer, Thainakarin Hospital Public Company Limited .

1993 - Present

- Specialist doctor and consultant specialized in internal medicine and gastroenterology, Thainakarin Hospital Public Company Limited.

1989 - 2010

- Director and Medical Director, Thainakarin Hospital Public Company Limited.

1989 - 2004

- Director, Thainakarin Hospital Company Limited

Current Position in other business

Listed Companies:

- N/A

Non-Listed Companies:

- N/A

TNH Shares

Shares in Company: 2,500,000 shares
(Spouse: 2,285,500 Shares)

Shareholding in the Company (%): 1.39
(Spouse: 1.27)

Family Relationship

- N/A

Attendance at the Board of Directors' Meeting

- 4/4

Prof. Emeritus Dr. Deja Tanphaichitra

Director

Age 76 Years

Appointment of Board of Director 11 October 2004



Education

- Doctor of Medicine,
Faculty of Medicine Director Siriraj Hospital,
Mahidol University
- Internal Medicine,
American Board F.A.C.P. (Infectious Disease)

IOD Training

- Director Accreditation Program (DAP) 2005,
Thai Institute of Directors (IOD)

Work Experience

2004 - Present

- Director,
Thainakarin Hospital Public Company Limited

2000 - 2004

- Professor and Head of Infectious Disease and
Epidemiology Department,
Faculty of Medicine Ramathibodi Hospital,
Mahidol University

1989 - 2004

- Director,
Thainakarin Hospital Company Limited

Current Position in other business

Listed Companies:

- N/A

Non-Listed Companies:

- N/A

TNH Shares

Shares in Company: 375,000 Shares

(Spouse: 325,000 Shares)

Shareholding in the Company (%): 0.21

(Spouse: 0.18)

Family Relationship

- N/A

Attendance at the Board of Directors' Meeting

- 1/4



Asst. Prof. Dr. Prapas Teerakul

Director

Age 64 Years

Appointment of Board of Director 11 October 2004

Education

- M.D. in Otorhinology, Faculty of Medicine Ramathibodi Hospital, Mahidol University
- B.Sc. in Science, Mahidol University
- Certificate in Otorhinology, Faculty of Medicine Ramathibodi Hospital, Mahidol University
- Fellow of The American Academy of Cosmetic Surgery
- MBA in Management, Ramkhamhaeng University

IOD Training

- Director Accreditation Program (DAP) 2005, Thai Institute of Directors (IOD)

Work Experience

2004 - Present

- Director, Thainakarin Hospital Public Company Limited.

2011 - 2014

- Medical Director, Thainakarin Hospital Public Company Limited.

2009 - 2011

- Deputy Medical Director, Thainakarin Hospital Public Company Limited.

1993 - 1995

- Assistant Medical Director, Thainakarin Hospital Company Limited.

1992 - 2004

- Director, Thainakarin Hospital Company Limited.

1991 - 1993

- Assistant Professor, Department of Otorhinology, Faculty of Medicine Ramathibodi Hospital, Mahidol University

1983 - 1991

- Lecturer, Faculty of Medicine Ramathibodi Hospital, Mahidol University

Current Position in other business

Listed Companies:

- N/A

Non-Listed Companies :

- N/A

TNH Shares

Shares in Company: N/A (Spouse: N/A)

Shareholding in the Company (%): N/A (Spouse: N/A)

Family Relationship

- N/A

Attendance at the Board of Directors' Meeting

- 4/4

Asst. Prof. Dr. Prapas Teerakul resigned from the directorship before expiry of his term in office, effective since 1 September 2019 onwards.

Mr. Prapat Suthawate

Director

Age 75 Years

Appointment of Board of Director 11 October 2004



Education

- Bachelor of Political Science (Public Administration), Ramkhamhaeng University
- Master of Political Science (Government), Chulalongkorn University
- Diploma in Tourism Management and Development, University of Haifa, Israel

IOD Training

- Director Accreditation Program (DAP) 2004, Thai Institute of Directors (IOD)

Work Experience

2004 - Present

- Director, Thainakarin Hospital Public Company Limited.

2016 - Present

- Senior Administrative Advisor, Thainakarin Hospital Public Company Limited.

2016 - Present

- Member of Bangna Commercial Collage Council

2018 (Jun. – Sep.)

- Acting on behalf of the Company Secretary, Thainakarin Hospital Public Company Limited.

2011 - 2016

- Acting Administrative Director, Thainakarin Hospital Public Company Limited.

2010 - 2017

- Guest Lecturer, Faculty of Business Administration, Ramkhamhaeng University

2007 - 2013

- Guest lecturer, Faculty of Business Administration, Kasetsart University

2005 - 2011

- Director of International Hotel Management Course, CHN University (Netherlands), Rangsit University

2005 - 2011

- Chairman of Working Group, RSU Horizon Travel Company Limited, Rangsit University

2005 - 2011

- Senior Advisor, Thainakarin Hospital Public Company Limited.

1999 - 2005

- Administrative Director, Thainakarin Hospital Public Company Limited.

1999 - 2004

- Director, Thainakarin Hospital Company Limited.

1992 - 2005

- Guest Lecturer, Faculty of Liberal Art, Siam University

1992 - 2005

- Manager and Advisor, Human Resources Department, Siam Property Development Company Limited.

Current Position in other business

Listed Companies:

- N/A

Non-Listed Companies:

2016 - Present

- Member of Bangna Commercial Collage Council

TNH Shares

Shares in Company: N/A (Spouse: N/A)

Shareholding in the Company (%): N/A (Spouse: N/A)

Family Relationship

- N/A

Attendance at the Board of Directors' Meeting

- 4/4



Mr. Sumeth Jenjesda

Director

Age 85 Years

Appointment of Board of Director 11 October 2004

Education

- Bachelor of Accounting and Bachelor of Commerce, Faculty of Commerce and Accountancy, Thammasat University

IOD Training

- Director Accreditation Program (DAP) 2005, Thai Institute of Directors (IOD)

Work Experience

2004 - Present

- Director, Thainakarin Hospital Public Company Limited.

1995 - Present

- Director and Chairman of Audit Committee, Siam Sport Syndicate Public Company Limited.

1994 - Present

- Certified Public Accountant, Lertnimit Accounting and Law Company Limited.

2004 - 2005

- Director, Independent Director and Chairman of Audit Committee, Thainakarin Hospital Company Limited.

Current Position in other business

Listed Companies:

1995 - Present

- Director and Chairman of Audit Committee, Siam Sport Syndicate Public Company Limited.

Non-Listed Companies:

1994 - Present

- Certified Public Accountant, Lertnimit Accounting and Law Company Limited.

TNH Shares

Shares in Company: N/A (Spouse: N/A)

Shareholding in the Company (%): N/A (Spouse: N/A)

Family Relationship

- N/A

Attendance at the Board of Directors' Meeting

- 4/4

Dr. Arkom Cheirsilpa

Director

Age 72 Years

Appointment of Board of Director 20 November 2008



Education

- M.D. (CIM'76 Philippines)
- B.Sc. Mahidol University
- Board of Internal Medicine, The Medical Council of Thailand
- Sub - Speciality Board Certified in Medical Oncology
- Fellowship in Oncology (RPMI, USA and RMH, UK)
- Mini MBA, Chulalongkorn University
- MBA in Health, Chulalongkorn University
- Cert. in Hospital Management, Harvard School of Public Health, USA

IOD Training

- Director Accreditation Program (DAP) 2017, Thai Institute of Directors (IOD)

Work Experience

2008 - Present

- Director and Director of Holistic Oncology Center, Thainakarin Hospital Public Company Limited.

2007 - Present

- Advisor, Thai Society of Clinical Oncology

2007 - Present

- Medical Consultant, Chulabhorn Hospital, Chularbhorn Research Institute

1980 - Present

- Cancer Specialist, Food and Drug Administration Department, Ministry of Public Health

2007

- Received the World Scientists Forum International Awards in Cancer Research and Clinical Oncology "Eminent Scientist of the Year 2007: Asia" International Research Promotion Council (IRPC), UK

2002 - 2007

- Deputy Director, National Cancer Institute

Current Position in other business

Listed Companies:

- N/A

Non-Listed Companies:

2007 - Present

- Advisor, Thai Society of Clinical Oncology

2007 - Present

- Medical Consultant, Chulabhorn Hospital, Chularbhorn Research Institute

1980 - Present

- Cancer Specialist, Food and Drug Administration Department, Ministry of Public Health

TNH Shares

Shares in Company: N/A (Spouse: N/A)

Shareholding in the Company (%): N/A (Spouse: N/A)

Family Relationship

- N/A

Attendance at the Board of Directors' Meeting

- 3/4



Mr. Thiti Sihanatkathakul

Director

Age 44 Years

Appointment of Board of Director 20 November 2008

Education

- BBA, Banking and Finance, Business School, Chulalongkorn University
- M.Sc. Analysis, Design and Management of Information Systems, The London School of Economics and Political Science, UK
- MBA, Huron University, UK

IOD Training

- N/A

Work Experience

2008 - Present

- Director, Thainakarin Hospital Public Company Limited.

2010 - Present

- Director, Corner Décor Company Limited.

2010 - Present

- Director, Komars Management Company Limited.

2010 - Present

- Director, Kumpoo Thailand Company Limited.

2003 - Present

- Deputy Managing Director and Director, Landmark Lancaster Hotel Group

2001 - 2002

- Acting Director of Human Resources Department, The Landmark Bangkok

1999 - 2000

- Associate Judge, Central Labor Court

1998

- Marketing Department, Thana Siam Credit Public Company Limited.

1997

- Management Trainee, Royal Lancaster Hotel, United Kingdom

Current Position in other business

Listed Companies:

- N/A

Non-Listed Companies:

2010 - Present

- Director, Corner Décor Company Limited.

2010 - Present

- Director, Komars Management Company Limited.

2010 - Present

- Director, Kumpoo Thailand Company Limited.

2003 - Present

- Deputy Managing Director and Director, Landmark Lancaster Hotel Group

TNH Shares

Shares in Company: 1,500,000 Shares (Spouse: N/A)
Shareholding in the Company (%): 0.83 (Spouse: N/A)

Family Relationship

- Son of Mr. Jatuporn Sihanatkathakul and Elder brother of Mr. Pitipat Sihanatkathakul
- Cousin of Mr. Norathep Sihanartkatakul

Attendance at the Board of Directors' Meeting

- 4/4

Mr. Pitipat Sihanatkathakul

Director

Age 43 Years

Appointment of Board of Director 20 November 2013



Education

- M.M. (Organization Development and Management), Assumption University
- Mini MBA, Chulalongkorn University
- B.Acc., Assumption University
- Essentials of Leadership Training Course, London Business School

IOD Training

- N/A

Work Experience

2013 - Present

- Director, Thainakarin Hospital Public Company Limited.

2016 - Present

- Policy, Marketing & Information Technology Advisor, Thainakarin Hospital Public Company Limited.

2006 - 2016

- Assistant Administrative Director, Thainakarin Hospital Public Company Limited.

2005 - 2006

- Acting Assistant Administrative Director, Thainakarin Hospital Public Company Limited.

2004 - 2005

- Information Center and PR Advisor, Thainakarin Hospital Public Company Limited.

2002 - 2004

- Assistant Manager, Board of Directors Office, Siam Property Development Company Limited.

Current Position in other business

Listed Companies:

- N/A

Non-Listed Companies:

- N/A

TNH Shares

Shares in Company: 1,000,000 Shares (Spouse: N/A)

Shareholding in the Company (%): 0.56 Shares (Spouse: N/A)

Family Relationship

- Son of Mr. Jatuporn Sihanatkathakul and Younger brother of Mr. Thiti Sihanatkathakul
- Cousin of Mr. Noratthep Sihanartkatakul

Attendance at the Board of Directors' Meeting

- 4/4



Mr. Norathep Sihanartkatakul

Director

Age 59 Years

Appointment of Board of Director 19 November 2015

Education

- Bachelor of Commerce (Marketing), Faculty of Commerce and Accountancy, Chulalongkorn University

IOD Training

- N/A

Work Experience

2015 - Present

- Director, Thainakarin Hospital Public Company Limited.

1998 - Present

- Director of Legal Affairs, Siam Property Development Company Limited.

1999 - 2001

- Associate Judge, Labour Court, Ministry of Justice

1993 - 1998

- Assistant Manager of Internal Audit Department, Siam Property Development Company Limited.

Current Position in other business

Listed Companies:

- N/A

Non-Listed Companies :

1998 - Present

- Director of Legal Affairs, Siam Property Development Company Limited.

TNH Shares

Shares in Company: N/A (Spouse: N/A)

Shareholding in the Company (%): N/A (Spouse: N/A)

Family Relationship

- Nephew of Mr. Jatuporn Sihanatkathakul
- Cousin of Mr. Thiti Sihanatkathakul and Mr. Pitipat Sihanatkathakul

Attendance at the Board of Directors' Meeting

- 4/4

Mr. Kraisaak Kadkum

Director, Independent Director and Chairman of the Audit Committee

Age 56 Years

Appointment of Board of Director 11 October 2004



Education

- LL.B., Faculty of Law,
Ramkhamhaeng University
- Barrister-at-law,
Thai Bar Institute
- Diploma in Business Laws,
Thammasat University

IOD Training

- Director Accreditation Program (DAP) 2004,
Thai Institute of Directors (IOD)

Work Experience

2005 - Present

- Director, Independent Director and Chairman of
the Audit Committee,
Thainakarin Hospital Public Company Limited.

1994 - Present

- Lawyer and Executive Director, Sahakarn Law
Office Company Limited.

2004 - 2005

- Director,
Independent Director and Member of the
Audit Committee,
Thainakarin Hospital Public Company Limited.

Current Position in other business

Listed Companies:

- N/A

Non-Listed Companies:

1994 - Present

- Lawyer and Executive Director,
Sahakarn Law Office Company Limited.

TNH Shares

Shares in Company: N/A (Spouse: N/A)

Shareholding in the Company (%): N/A (Spouse: N/A)

Family Relationship

- N/A

Attendance at the Board of Directors' Meeting

- 4/4

Attendance at the Audit Committee Meeting

- 5/5



Dr. Pridi Hetrakul

Director, Independent Director and Audit Committee

Age 76 Years

Appointment of Board of Director 11 October 2004

Education

- Doctor of Medicine, Faculty of Medicine Siriraj Hospital, Mahidol University
- Diplomate American Board of Surgery
- FACS, FRCST

IOD Training

- Director Accreditation Program (DAP) 2005, Thai Institute of Directors (IOD)

Work Experience

2004 - Present

- Director, Independent Director, Audit Committee, Thainakarin Hospital Public Company Limited.

1989 - 2004

- Director, Thainakarin Hospital Public Company Limited.

1978 - 2017

- Director and Surgeon, Mayo Polyclinic Company Limited.

Current Position in other business

Listed Companies:

- N/A

Non-Listed Companies:

- N/A

TNH Shares

Shares in Company: 1,500,000 (Spouse: N/A)

Shareholding in the Company (%): 0.83 (Spouse: N/A)

Family Relationship

- N/A

Attendance at the Board of Directors' Meeting

- 2/4

Attendance at the Audit Committee Meeting

- 5/5

Assoc. Prof. Dr. Chertsak Dhiraputra

Director, Independent Director and Audit Committee

Age 76 Years

Appointment of Board of Director 8 June 2006



Education

- Doctor of Medicine,
Faculty of Medicine Siriraj Hospital,
Mahidol University
- M.Sc. Microbiology University of New South Wales,
Australia

IOD Training

- N/A

Work Experience

2006 - Present

- Director,
Independent Director and Audit Committee,
Thainakarin Hospital Public Company Limited.

2014 - Present

- Advisor,
Faculty of Medicine Siriraj Hospital,
Mahidol University

2005 - Present

- Honorary Advisor, Siriraj Foundation

1968 - Present

- Lecturer,
Faculty of Medicine Siriraj Hospital,
Mahidol University

1998 - 2000

- Advisor to Hospital Director,
Siriraj Hospital

1997 - 2004

- Executive Director,
Faculty of Medicine Siriraj Hospital,
Mahidol University

Current Position in other business

Listed Companies:

- N/A

Non-Listed Companies:

2014 - Present

- Advisor,
Faculty of Medicine Siriraj Hospital,
Mahidol University

2005 - Present

- Honorary Advisor, Siriraj Foundation

1968 - Present

- Lecturer,
Faculty of Medicine Siriraj Hospital,
Mahidol University

TNH Shares

Shares in Company: N/A (Spouse: N/A)

Shareholding in the Company (%): N/A (Spouse: N/A)

Family Relationship

- N/A

Attendance at the Board of Directors' Meeting

- 4/4

Attendance at the Audit Committee Meeting

- 5/5



Asst. Prof. Dr. Panya Issarawornrawanich

Director, Independent Director and Audit Committee

Age 47 Years

Appointment of Board of Director 27 September 2006

Education

- Ph.D. in Accounting Chulalongkorn Business School, Chulalongkorn University
- M.Acc., Thammasat Business School, Thammasat University
- Diploma (Accounting), Thammasat Business School, Thammasat University
- B.Acc. Chulalongkorn Business School, Chulalongkorn University

IOD Training

- Director Accreditation Program (DAP) 2006, Thai Institute of Directors (IOD)

Work Experience

2006 - Present

- Director, Independent Director and Audit Committee, Thainakarin Hospital Public Company Limited.

2004 - Present

- Lecturer, Assistant Professor of Accounting Department, Faculty of Commerce and Accountancy, Thammasat University

1997 - Present

- Certified Public Accountant, Federation of Accounting Professions

2015 - 2016

- Associate Dean for Student Affairs Thammasat Business School, Faculty of Commerce and Accountancy, Thammasat University

2013 - 2015

- Assistant Dean for Finance and Planning, Faculty of Commerce and Accountancy, Thammasat University

2000 - 2004

- Head of Accounting Department, Faculty of Business Administration, Mahanakorn University of Technology

1995 - 2000

- Senior Audit Assistant, Ernst and Young Office Limited

Current Position in other business

Listed Companies :

- N/A

Non-Listed Companies :

2004 - Present

- Lecturer, Assistant Professor of Accounting Department, Faculty of Commerce and Accountancy, Thammasat University

1997 - Present

- Certified Public Accountant, Federation of Accounting Professions

TNH Shares

Shares in Company: N/A (Spouse: N/A)

Shareholding in the Company (%): N/A (Spouse: N/A)

Family Relationship

- N/A

Attendance at the Board of Directors' Meeting

- 4/4

Attendance at the Audit Committee Meeting

- 5/5

Mr. Chailerg Viriyarattanaporn

Director, Independent Director and Audit Committee

Age 68 Years

Appointment of Board of Director 10 August 2017



Education

- Bachelor of Business Administration (Accounting),
Faculty of Business Administration,
Ramkhamhaeng University

IOD Training

- Director Accreditation Program (DAP) 2018,
Thai Institute of Directors (IOD)

Work Experience

2018 - Present

- Director,
Independent Director and Audit Committee,
Thainakarin Hospital Public Company Limited.

2013 - 2017

- Accounting & Tax Consultant,
I.G.S Public Company Limited.

Current Position in other business

Listed Companies:

- N/A

Non-Listed Companies:

- N/A

TNH Shares

Shares in Company: N/A (Spouse: N/A)

Shareholding in the Company (%): N/A (Spouse: N/A)

Family Relationship

- N/A

Attendance at the Board of Directors' Meeting

- 4/4

Attendance at the Audit Committee Meeting

- 5/5

Doctor and Medical Team



1. **Dr. Charoen Meensook**
Director and Medical Chief Officer

2. **Hon. Clinical Prof. Chaiporn Bhadrakom**
Medical Director and Chief Operating Officer

3. **Dr. Virachai Phungrasamee**
Deputy Medical Director

4. **Mrs. Nampetch Saraggananda**
Deputy Medical Director - Nursing

5. **Mrs. Chadarat Siriwat**
Deputy Chief Operating Officer

6. **Dr. Bancherd Balamongkhon**
Deputy Chief Operating Officer

7. **Mr. Pongsak Techasatirakul**
Assistant Medical Director - Medical Support

Administration Executive Team



1. Ms. Malee Bunleechai

Senior Deputy Administrative Director
- Corporate Support and Deputy
Administrative Director
- Business Development

2. Mrs. Daranee Dhubkaen

Deputy Administrative Director
- Finance and Accounting and
Company Secretary

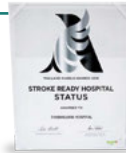
3. Ms. Suranchana Tanpleeratana

Assistant Administrative Director
- Front Service



Awards

2019



Stroke Ready Award : “Thailand Angels Award 2019”, Stroke Ready Hospital Status

2018



Standard Stroke Center Certification (SSCC), Department of Medical Services Ministry of Public Health



Muang Thai Life Assurance Hospital Awards 2018, 2nd Prize Cooperation between Organizations, Muang Thai Life Assurance PCL.



Excellent Check Up Awards, Allianz Ayudhya Service Awards 2018, Allianz Ayudhya Assurance PCL.

2017



Muang Thai Life Assurance Hospital Awards 2017, 1st Prize The Best of Customer Satisfaction Award, Muang Thai Life Assurance PCL.



Muang Thai Life Assurance Hospital Awards 2017, 2nd Prize Excellent Care, Muang Thai Life Assurance PCL.



IPD Simple Disease 2017, Toyota Motor Thailand Co Ltd. and Tokio Marine Life Insurance (Thailand) PCL

2016



Best Utilization Provider Awards, AXA Assistance Co., Ltd



Hospital Accreditation (HA) (Re-accreditation#3)

2015



Tokio Marine Taiyou Award 2015, Tokio Marine Life Insurance (Thailand) PCL.

Technology

Currently, devices and tools are considered as the important factors of medical field because their accuracy enables doctors to perform better diagnosis in the primary stage leading to effective plan for treating patients timely and rapidly. Thainakarin Hospital has realized on the importance of specialized medical services providing therefore modern medical devices and tools are used in disease treatment and diagnosis as well as in researching in order to provide the best alternative to patients and their relatives. In addition, these devices and tools also help to develop medical quality consecutively that is one of missions of Thainakarin Hospital.

Digital Fluoroscopy

An X-ray device for examining internal organs of the body by taking radiographic images via remote control system, capable of displaying and improving digitalized images for better clarity to enable easy diagnosis. The device facilitates examination of the gastrointestinal tract, small intestine and stomach to detect any abnormalities.

Distinctive features of the digital fluoroscopy are image clarity, high resolution, ability to rapidly take movement images, e.g. swallowing, ability to take series of images, and fast image transfer into the system. Radiologists can view and interpret the images quickly. Thus, patients get the results in a short time.



Heart - Lung Machine

A machine aiding in heart surgery, such as aortic valve replacement or septal defect closure, to maintain blood circulation and sufficient blood oxygen level during the surgery. The machine functions as the heart and lung during the operation, causing blood to bypass the heart and the heart to stop beating, thereby enabling surgeons to work conveniently.



Gastroscope & Colonoscope

A device is crucial in examining and diagnosing upper and lower gastrointestinal tract diseases. The endoscope is characterized as a small bendable tube about 1 centimeter in diameter, fitted with a camera. One end of the camera attaches to a magnifying lens, the other to a light source. It can deliver live image signal via optic fiber cable to the monitor, allowing physicians to immediately observe lesions of the gastrointestinal system at that immediate moment.



Policy and Overall Business Operations

Policy and Commitment of Thainakarin Hospital

Founded under the strategic plan toward Excellence in Medical Care and Services 26 years ago, Thainakarin Hospital has now demonstrated a proven ability to successfully implement such strategy, be the No. 1 hospital in eastern Bangkok area, and stay robust in the industry.

As changes in digital era take place in continuous waves with fast and wide-reaching impacts, all industries must reform their mindsets and management approaches to catch up with such changes, to respond to diversified needs of customers and to deliver swift and convenient services. With experiences acquired throughout its operations, Thainakarin Hospital perceives that it is important to adjust and adapt to the new era. Thus, executive vision and leadership, modification of business perceptions, and personnel capacity development are the Hospital's top priorities.

As healthcare business relies on specialized expertise and service excellence, Thainakarin Hospital has continually enhanced multifarious standards in medical care and therapeutic technology to promptly counter diseases, in management toward heartfelt and friendly services, along with personnel development to readily fulfill the needs of service users.

Thainakarin Hospital is determined to navigate Thainakarin Hospital into the transformation era so as to remain one of the hospitals that attain business stability and contribute to the society. We resolve to place high priority on being a good member of quality society under the slogan "Thainakarin... The Hospital you can trust," as follows:-

1. Thainakarin Hospital is determined and dedicated to developing medical care that is of easy access, high quality and reasonable prices.
2. Thainakarin Hospital shall train and develop young personnel to be the future of the Hospital that is prospering now and ahead.

1. Vision

Thainakarin...The Hospital you can trust.

Thainakarin Hospital has earned trust and respect from the general public since the establishment. The success in excellent care comes from the world class quality in health care, warm hospitality that treats every one like family, affordable price, effective and transparent management and positive attitude staff.

2. Mission

- To develop personnel competency, satisfaction and pride in the hospital
- To elevate the health care quality to be a world-class standard.
- To progressively proceed with continuous and sustainable development of the hospital.
- To achieve the best hospitality with a warm and family-like treatment that creates lasting impressions.
- To manage in accordance with the principles of good governance.

3. Business Goal and Strategies

The Company aims to drive an enterprise-wide sustainable development program, with 6 business strategies as follows:

1. To operate with transparency, morality, ethics and responsibility to stakeholders and the society;
2. To operate by providing proper and quality medical care matching international standards;
3. To operate with sincerity, attentiveness and understanding toward patients and service users as if they are family members;
4. To operate with emphasis on personnel, the valuable asset, by taking good care of them and building a favorable work environment to promote happiness and organizational pride;
5. To operate with social responsibility by attaining efficient resources management and good environmental management in all the processes;
6. To operate with emphasis on enhancement of personnel and service quality in order to achieve continual and steady growth of the organization.

4. Long-term Goal

- The Company pursues the long-term goal of completing the construction of Thainakarin Hospital 2 within 4 years, and expects to commence operations by the financial year 2023.

5. Major Changes and Development

2011 - Hepato-Biliary & Pancreas Clinic

Awards

- HA-Hospital Re-Accreditation
- Taxpayer Recognition Award 2011 #1
- Platinum Award Hospital Quality 2011, AIA Thailand
- Tokio Marine Taiyou Award 2011, Tokio Marine Life Insurance (Thailand) Pcl.

2012 - Expand Heart Center and Check-up Center

2013 - Gastrointestinal Center and Diabetes & Endocrinology Clinic

Awards

- HA-Hospital Re-Accreditation # 2
- Eat Safe Eat Smart Award, national food institute ministry of industry
- Honored Award for Person making Labor Benefits from the Ministry of Labor

2014 - Lasik Center and Breast Care Center

Awards

- Excellent Partner on Rewards Earning from Market for Alternative Investment (MAI)
- Platinum Award Hospital Quality 2014, AIA Thailand
- Allianz Ayudhya Hospital Service Awards 2014, Allianz Ayudhya Assurance Pcl.
- Continuous Excellent Quality, Department of Medical Science
- Certificate for the Workplace with Drug Prevention and Solution from Department of Labor Protection, Ministry of Labor

2015 - Neurology Clinic

Awards

- Tokio Marine Taiyou Award 2015, Tokio Marine Life Insurance (Thailand) Pcl.)

2016 - Neurology Center

Awards

- HA-Hospital Re-Accreditation # 3
- Best Utilization Provider, AXA Assistance Award

2017

Awards

- Muang Thai Life Assurance Hospital Awards 2017, Muang Thai Life Assurance PCL.
 - Muang Thai Life Assurance Hospital Awards 2017,
1st Prize The Best of Customer Satisfaction Award, Muang Thai Life Assurance PCL.
 - Muang Thai Life Assurance Hospital Awards 2017,
2nd Prize Excellent Care, Muang Thai Life Assurance PCL.
- IPD Simple Disease 2017, Toyota Motor Thailand Co Ltd. and Tokio Marine Life Insurance (Thailand) PCL

2018

Awards

- Standard Stroke Center Certification (SSCC), Department of Medical Services Ministry of Public Health
- Muang Thai Life Assurance Hospital Awards 2018, 2nd Prize Cooperation between Organizations, Muang Thai Life Assurance PCL.
- Excellent Check Up Awards, Allianz Ayudhya Service Awards 2018, Allianz Ayudhya Assurance PCL.

2019

Awards

- Stroke Ready Award: "Thailand Angels Award 2019", Stroke Ready Hospital Status

6. Company Group's Shareholding Structure

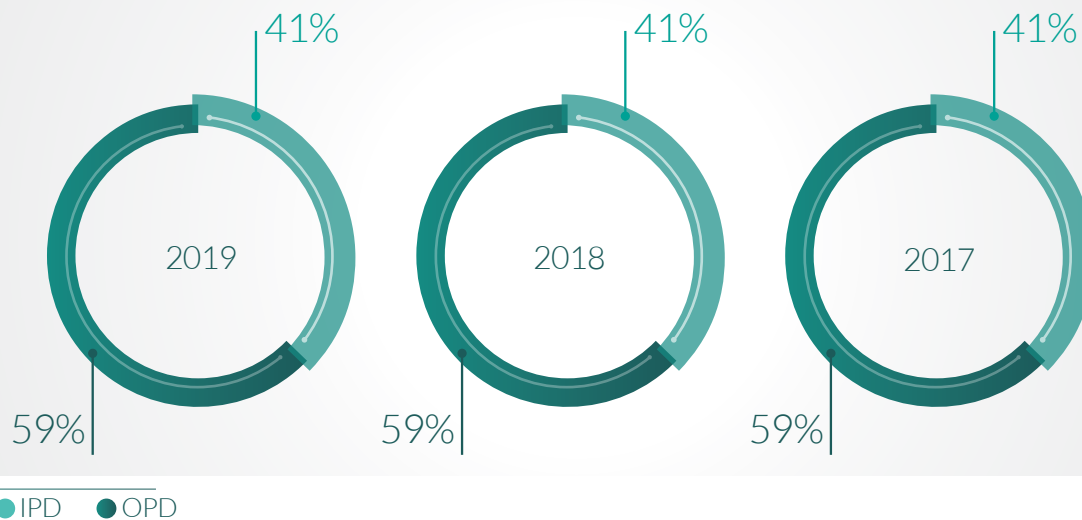
Company has no subsidiary or joint-venture company.

7. Relationship with Business Group of Major Shareholders

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

Nature of Business

Thainakarin Hospital Public Company Limited is situated at 345 Debaratna Road km.3.5, Bangna-Nuea, Bangna, Bangkok commenced, on 14 June 1993 under the license to operate inpatient medical establishment business. Being the first private hospital in eastern Bangkok, it renders inpatient, outpatient and 24-hour emergency medical services by a multidisciplinary team of specialized doctors with state-of-the-art and high-standard facilities. On-site and mobile health check-up services are also provided. Currently staffed by approximately 320 full-time and part-time doctors and 612 nursing staffs, the Hospital has an inpatient bed capacity of 190 and daily outpatient capacity of 2,000, with an after-hour clinic in service until 24.00 hrs. Medical services can be divided by types of patients into 2 groups, which are outpatient services (OPD) that accounts for 59% of the Company's revenue, and inpatient services (IPD) for 41%.



Revenue Structure

	2019		2018		2017	
	Amount (MB)	Proportion %	Amount (MB)	Proportion %	Amount (MB)	Proportion %
Revenue from medical services						
OPD	1,279.80	58.57	1,249.05	57.71	1,146.95	57.64
IPD	875.35	40.06	885.46	40.91	803.15	40.37
Total revenue from medical services	2,155.15	98.63	2,134.51	98.62	1,950.10	98.01
Other revenue	29.92	1.37	29.76	1.38	39.62	1.99
Total revenue	2,185.07	100.00	2,164.27	100.00	1,989.72	100.00

Types of Products and Services

Outpatient service is available from the following departments and centers:

1. Heart Center
2. Bone & Joint Center
3. Holistic Oncology Center
4. Breast Care Center
5. Hemodialysis Center
6. Check-up Center
7. Skin & Laser Center
8. Dental Center
9. Gastrointestinal Center
10. Lasik Center
11. Diabetes & Endocrinology Department
12. Neurology Department
13. Traditional Chinese Medical Department
14. Mental Health Department
15. Hepato-Biliary & Pancreas Department
16. Medicine Department
17. Surgery Department
18. Pediatrics Department
19. Obstetrics and Gynecology Department
20. Ear, Nose and Throat Department
21. Laboratory Division
22. X-ray Department
23. Physical Therapy Department
24. Eye Department
25. Emergency Department

Patient's room types :

1. Operating Room (OR)
2. Anesthesia Induction Room
3. Delivery / Labor Room
4. Intensive Care Unit (ICU)
5. Cath.Lab Department
6. Coronary Care Unit (CCU)
7. Nursery Department
8. Ward
9. Stroke Unit

Besides medical services and treatments, the Company also made available at its premises access to high-speed internet connection, 24-hour convenience stores, florist shops, hair salons, coffee shops, bakery shops, maternity shops, optical shop, food center, a Buddhist prayer room and a Muslim prayer room to offer superior convenience to patients and visitors.

Capacity Utilization

Capacity utilization is assessed based on a comparison between the actual service capacity and projected maximum capacity, divided into OPD and IPD groups. The Hospital's service utilization has obviously decreased as a result of economic circumstance and more severe competition. Although the number of patients dropped, average medical fee per case rose in response to the complexity of the treated diseases.

OPD	2019	2018	2017
Capacity per day (time)	2,000	2,000	2,000
Capacity per annum (time)	730,000	730,000	730,000
Service per year (time)	596,561	602,771	576,175
Capacity utilization (%)	81.72	82.57	78.93

IPD	2019	2018	2017
Bed in service per day (beds)	190	190	190
Total capacity per day (beds)	69,350	69,350	69,350
Bed in service per year (beds)	40,263	43,531	40,201
Bed occupancy rate (%)	58.06	62.77	57.97

Market and Competition

Overview of Private Hospital Industry in Thailand

Private hospital business in 2019 continues to grow at a pace of 7.6% from 2018, where the SET-listed private hospitals yielded a total income value of Baht 170,738 million because of growing health-concern trend among the Thais, accompanied by ever-increasing number of the elderly, the social security insured persons and the health insured customers. Besides, foreign customers using medical services in Thailand also increase, especially those from CLMV countries, China and Taiwan (the Government Saving Bank's Business and Grassroot Economics Research Center).

As forecast by Krungsri Research Center, private hospital business tends to grow steadily at an average rate of 10-13% over 2019-2021, supported by Thailand's structural changes, i.e. the transition into aging society, urbanization, increasing number of middle-class population, together with the healthy lifestyle that becomes a global trend.

Private hospital business is still an industry with strong growth potential contributed by:

- Urbanization and increasing number of the middle class;
- Higher rates of illness in Thai people, especially the rising tendency of "non-communicable diseases" (NDCs), i.e. obesity, diabetes, heart diseases, coronary artery disease, kidney disease and cancers;
- Transition into aging society, particularly into the "Super-Aged Society" in 2031 where people older than 65 will account for over 20% of national population;

-
- Market expansion to new customer groups in CLMV countries, China, Russia and Africa;
 - Government policy, implemented since 2003, to elevate Thailand to one of the “Medical Hub of Asia” in areas of medical technology, personnel and disease treatment/prevention so as to attract foreign customers to Thailand for medical services, where the “pricing” advantage to compete with other countries pursuing the same goal, as well as the “hospitality” strength which is the heritable DNA of Thai services are employed to distinguish Thai healthcare business;
 - Specifying of medical industry as one of the ten target industries of the country.

Positive factors in hospital business lead to intense competition which tends to escalate year by year in terms of prices, user-centric services, swift and thorough processes, including higher demand for medical personnel.

Major Customers

Throughout the past period, Thainakarin Hospital has anticipated tougher competition in health facility market and been prepared to enhance business quality in all respects to stay competitive. Above all, it remains resolute in providing healthcare services professionally. Thainakarin Hospital hence earns the trust of service users over these 26 years. Its prime goals are now to develop the medical service quality on par with international standard, to insightfully improve the services based on the needs of existing users, and to expand its customer base into new target groups. Major customers of the Hospital are:

1. **Corporate:** Customers who are the employees of the contractual corporate making an agreement to define its employees to exercise medical welfare right at Thainakarin Hospital with expense of such corporate.
2. **Insurance:** Customers who are employees of the company providing welfare to its employees for receiving medical services at Thainakarin Hospital through health insurance with expenses of the insurance company based on coverage and conditions of each policy made by the insurance company.
3. **Self-pay:** General customers who pay for medical fee by themselves in the form of personal insurance or cash. Most of them live in the nearby area while others are customers who live far from the hospital but be confident with quality and standards of Thainakarin Hospital as well as patients transferred from other hospitals.

Customer Satisfaction Survey

The Company places an importance on building customer satisfaction with services, and regards satisfaction surveying as a key strategy in competition. Thus, the Company regularly conducts customer satisfaction surveys and utilizes the results, summarized annually, in enhancing service efficiency so as to boost customer satisfaction and also to retain them for repeat business. According to the customer satisfaction survey results for 2019, overall satisfaction of outpatient and inpatient customers is 95.23 percent higher than the target set.

Performance Highlights

During 2019, the Company has enhanced its medical care capacity and service strengths in pursuit of service and academic excellence, as follows:

- 1. Promptness of Professional Treatment and Services (PROFESSIONAL):** Both medical and supporting staff of the Hospital use knowledge and expertise in best performing their duties to ensure that the service users receive appropriate medical care and highest possible satisfactory services. Improvement and rectification of problems shall be readily and regularly carried out.
- 2. Promptness of Physicians, Nurses and Multi-disciplinary Team (MULTI-DISCIPLINARY TEAM):** Accessibility for patients and service users to comprehensive, swift and precise medical care is enabled by the promptness of our proficient medical team through 24-hour emergency units, namely (1) 24-hour Emergency Heart Center well-equipped with medical and surgical expertise and equipment, thus capable of treating all irregular conditions of acute and chronic heart diseases without the need for patient referral, (2) 24-hour Emergency Brain and Neurology Center fully-equipped with medical and surgical equipment, thus capable of treating acute and chronic brain diseases, both of which help reduce mortality or disability rate of patients to a great extent, and (3) Gastrointestinal Center to serve patients with the increasingly-prevalent gastrointestinal tract diseases by a team of specialized physicians and high-standard medical devices that can facilitate fast, accurate and precise diagnostic results.
- 3. Assured Trustworthiness of Medical Care and Hospitable Services (TRUST):** To assure service users that they will receive quality care and be assisted by personnel with a true service-minded attitude, the Hospital has constantly pursued pertinent developments and been widely recognized. This is endorsed by its receiving of the “Excellent Check Up Awards” at the “Allianz Ayudhya Service Awards 2018” held by Allianz Ayudhya Assurance Pcl., and also the 2nd Place Award for Interorganizational Cooperation (Medium-scale Hospital Category) at the “Muang Thai Life Assurance Hospital Awards 2018” held by Muang Thai Life Assurance Pcl.
- 4. International Standard Quality (QUALITY):** The Hospital’s medical care has been monitored and controlled in compliance with standards of relevant quality accreditation institutes. In 2002, the Hospital was granted a quality accreditation by the Healthcare Accreditation Institute (Public Organization), being one of the first hospitals to receive this endorsement. In 2013, the hospital re-accreditation #2 was granted by the Hospital Accreditation Institute, and in 2016, the re-accreditation #3 was granted by the same institute.

Procurement of Products or Services

- **Medical Personnel**

The Company has a policy to recruit doctors in various specialties, including such other medical personnel as nurses, etc., in order to deliver full-range and quality services. Up to now, it has succeeded in recruiting and retaining proficient medical personnel through appropriate remuneration and fringe benefits, favorable workplace environment, along with constant seminars and training schemes for doctors, nurses and medical staff for their skills development and up-to-date knowledge to ensure of safety services.

- **Medicines and Medical Supplies**

As medicines and medical supplies are essential raw materials for hospital business, the Company adopts a procurement process that is stringent in every step, from order placement where details of medicines shall be screened and decided by a committee consisting of doctors, pharmacists and procurement staff established to oversee appropriate medicine procurement, as well as inventory control.

Almost all medicines and medical supplies of the Company are procured domestically, hence no risk of shortage. To ensure availability of supplies, moreover, the Company establishes effective procurement and inventory management systems, alongside assessment of price suitability, efficiency and quality of products being purchased from domestic suppliers.

- **Medical Equipment and Tools**

Due to increasing complexity of diseases nowadays, the Company needs latest medical equipment and tools to provide patients with quality services. As it is a large sum of investment, the Company takes into meticulous consideration the necessity and quality of the equipment and tools that can meet adequacy and utilization requirements. The Company has usually made purchases from domestic distributors and also secured clear terms and conditions on prices and after-sales services for the cost-effectiveness and best utilization benefit.

Operating Assets

- **Core Assets**

The Company intends to utilize a piece of land under its ownership, with an area of 16-3-19.5 rai adjacent to Thainakarin Hospital, to maximize its business results. Therefore, it has conducted a feasibility study for Thainakarin Hospital 2 project, and reached a conclusion that Thainakarin Hospital 2 will be constructed with an investment amount of Baht 4,318.40 million as a 14-storey building with a usable area of 110,332 square meters in order to boost its healthcare capacity. The Annual General Meeting of shareholders 2018 already approved the project on 15 November 2018, and the Company submitted an environmental impact assessment (EIA) report for the project. The Expert Review Committee resolved to approve the EIA report for Thainakarin Hospital 2 project on 24 June 2019, and the Company already received a letter from the Office of Natural Resources and Environmental Policy and Planning dated 30 August 2019 notifying the review result for the EIA report of Thainakarin Hospital 2 project.

The Company has a leasehold right over a piece of land situated at No.345, Debaratna Road km.3.5, Bangna-Nuae, Bangna, Bangkok 10260 with a total area of 6-2-42 rai which is acquired from the Thai Red Cross Society to use as the location for the Hospital and the Company's Head Office. The term of the lease is 30 years from 9 November 2018 to 8 November 2048 with a total lease fee of Baht 668 million payable in full upon signing the new lease agreement. The Company has already paid the 668-million-baht lease fee to the Thai Red Cross Society on 22 February 2019.

The Company's core assets as of 31 July 2019 are as follows:

(Unit: Million Baht)

Asset	Book Value	Type of Ownership
Land and land improvement	227.12	Owner
Land, construction and work in process	448.83	Please see notes
Operating systems	306.65	Owner
Office equipment and furniture	162.68	Owner
Medical equipment and tools	525.88	Owner
Vehicles	13.82	Owner
Total	1,684.98	
Less: Accumulated depreciation	1,200.06	
Total Net	484.92	

Notes: The Company comprises of 2 buildings 14-storey front building and a 7-storey rear one, with a combined usable area of 64,325 square meters. The Company has taken out an insurance policy with an insured sum of 800 million Baht for damages to its buildings and equipment for a period from 1 January 2019 to 9 November 2019. The Company has also taken out a buildings insurance policy divided into an insured sum of Baht 500 million for all constructions and their structures along with improvements of fences, walls and gates with the Property Management Office of the Thai Red Cross Society being named as the beneficiary, and an insured sum of Baht 300 million for furniture, decorations, fixtures and fittings, sanitary system, fire-extinguishing system, wastewater treatment system, air-conditioning system, power control system, power generators, pipe system, telephone and communications system, computer and device system, elevator system, medical instruments and machines, facilitating equipment of all kinds, pharmaceuticals and all assets in the buildings with Thainakarin Hospital Public Company Limited being named as the beneficiary.

Investment Policy

As of 31 July 2019, the Company has no investment in any firms. However, it has a policy to invest in enterprises associated with and supportive to its hospital business



Risk factors

Risk factors for the Company's business are identified as follows:

1. **Risk from shortage of medical personnel.** There is a risk of shortage of medical professionals as well as difficulty in recruiting skilled and proficient personnel, e.g. specialist physicians or experienced nurses for the upcoming specialty centers, due to increasing demand for these professionals among both private and public hospitals.
2. **Risk from intense competition in hospital business.** Bangna area and its vicinities are viewed as high-potential locations with continual population expansion. Private hospitals take this as their marketing strength. Therefore, competition for market share in healthcare business in these areas will unceasingly intensify.
3. **Risk from changes in government policies.** At present, the government sector has taken a more active role in supervising private hospital operations, such as price control on drugs, medical supplies and healthcare services, or the state initiation of "Universal Coverage for Emergency Patients" policy, all of which affect the Company's business.
4. **Legal dispute.** Currently, disputes and lawsuits by patients against hospitals and doctors are increasing because more laws related to medical facility business have been enacted or amended with the aim of securing and protecting the rights of patients, who are regarded as consumers. This results in higher risk of legal disputes.



Hospital Information



Name of Company	: Thainakarin Hospital Public Company Limited or “Thainakarin Hospital”
Type of Business	: Private hospital
Address	: 345 Debaratna Rd., km.3.5, Bangna-Nuea, Bangna, Bangkok 10260
Registration Number	: 0107547000974
Registered Capital	: Baht 180,000,000. The capital is fully paid-up and comprised of 180 million ordinary shares of the par value of Baht 1 per share.
Website	: www.thainakarin.co.th
E-mail	: ir@thainakarin.co.th
Telephone	: 0 2361 2727
Fax	: 0 2361 2777

Reference Information



Securities Registrar

Name	: Thailand Securities Depository Co., Ltd.
Address	: Stock Exchange of Thailand Building, 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400
Telephone	: 0 2009 9000
Fax	: 0 2009 9991
TSD Call Center	: 0 2009 9999
Website	: http://www.set.or.th/tsd



Auditor

Name	: EY Office Limited
Auditors	: Ms. Satida Ratananurak, Certified Public Accountant, License No.4753 or Mr. Wichart Loketekrawee, Certified Public Accountant, License No.4451 or Ms. Siriwan Nitdamrong, Certified Public Accountant, License No.5906
Address	: 193/136-137, Lake Rajada Building, 33rd Floor, Ratchadaphisek Road, Klongtoey, Bangkok 10110
Telephone	: 0 2264 0777
Fax	: 0 2264 0789

This year, the Company's auditor is Miss Satida Ratananurak, Certified Public Accountant, License No.4753, from EY Office Limited (formerly known as Ernst & Young Office Limited). The audit fee is Baht 1,220,000 with the out-of-pocket expenses which includes, for example, travel and copying costs as actually incurred but not exceeding Baht 30,000.



Internal Auditor

Name	: Dharmniti Internal Auditing Co., Ltd.
Address	: Dharmniti Building 5th Floor, Soi Permsap (Prachachuen 20), Prachachuen Road, Bangsue, Bangkok, 10800
Telephone	: 0 2587 8080
Fax	: 0 2586 0301

Shareholder

Shareholding and Management Structure

• Company's Securities

The Company's total registered capital is Baht 180 million. The capital is fully paid and has 180 million total shares at the par value of Baht 1 per share.

List of top 10 major shareholders of the Company as of March 11, 2019.

Shareholder

	Names of Shareholders	Number of shares	Proportion of shares (%)
1.	Siam Property Development Company Limited	50,000,000	27.78
2.	Mr. Jatuporn Sihanatkathakul	21,540,000	11.97
3.	Vibhavadi Medical Center Public Company Limited	7,866,300	4.37
4.	Mr. Phijit Viriyamettakul	4,500,000	2.50
5.	Mrs. Vaewta Looareesuwan	4,433,000	2.46
6.	Mrs. Nilnate Mahattharak	3,990,900	2.22
7.	Mr. Niwatsilp Srisook	3,000,000	1.67
8.	Mrs. Nipapat Sihanatkathakul	3,000,000	1.67
9.	Mrs. Samlee Prommasom	2,900,000	1.61
10.	Mrs. Somporn Juangroongruangkit	2,853,000	1.59

Source: Thailand Securities Depository Co., Ltd.

The major shareholders having material influence on the Company's decisions on policies, management and operations are as follows:

1. The Sihanatkathakul family, which includes Mr. Jatuporn Sihanatkathakul, Mr. Suchart Sihanatkathakul, Mrs. Nipapat Sihanatkathakul, Mr. Thiti Sihanatkathakul, Mr. Pitipat Sihanatkathakul, Miss Onaree Sihanatkathakul and Mr. Tosaporn Sihanatkathakul, holds approximately 16.43 percent shareholding in the Company.
2. Members of the Sihanatkathakul family hold shares in Siam Property Development Company Limited and are authorized directors of Siam Property Development Company Limited

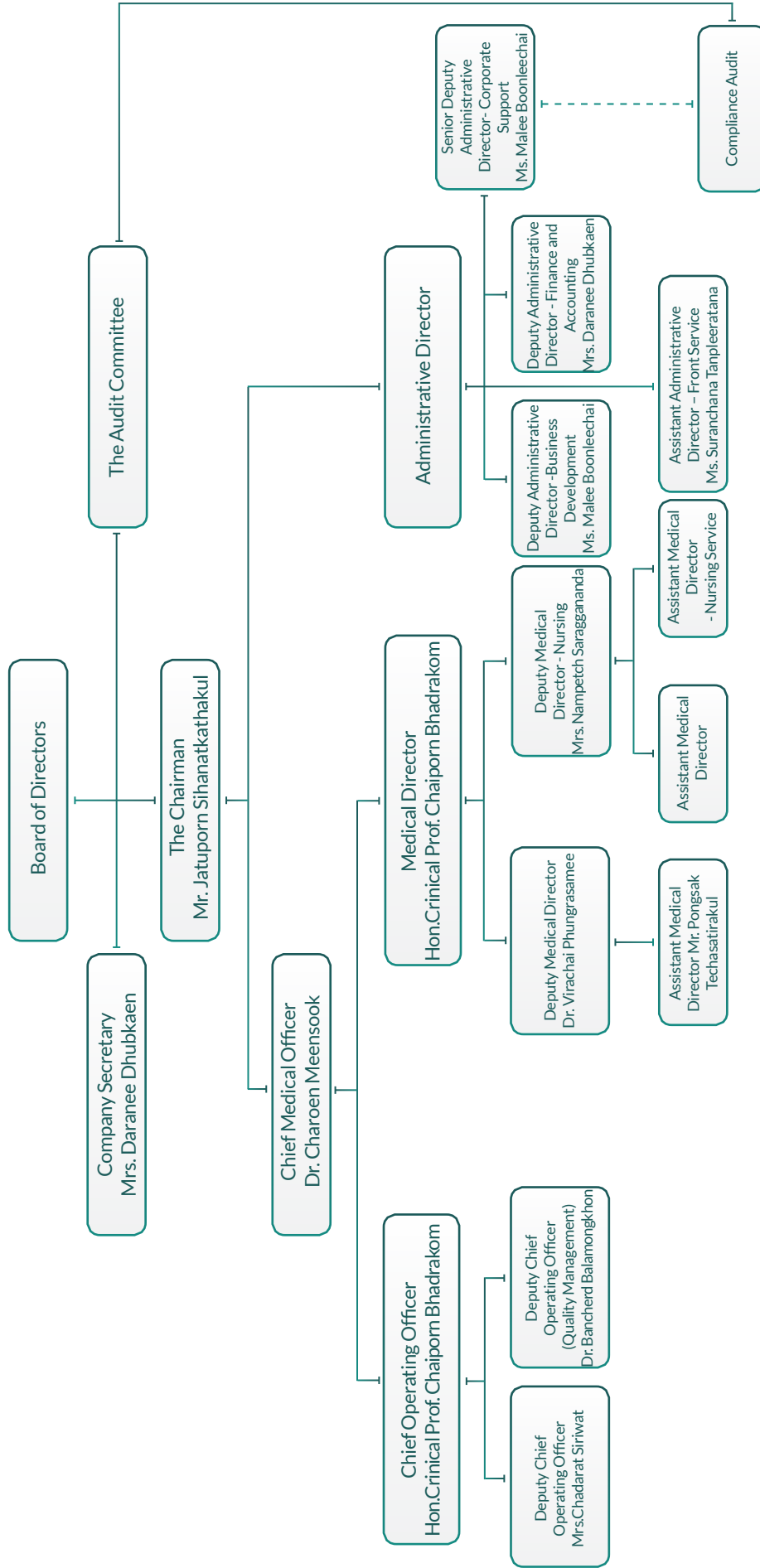


Dividend Policy

According to the Company's dividend policy, the dividend payment shall be at least 60 percent of the net profit after corporate income tax. Nonetheless, the payout ratio may be lower than the said level if the Company finds it necessary to allocate the net profit to its business expansion.

On 12 September 2019, the Board of Directors, in its meeting no. 3/2019, resolved to propose the 2019 annual dividend payment (from the operating results of the period between 1 August 2018 and 31 July 2019) at the rate of Baht 0.55 per share, totaling Baht 99,000,000 (ninety nine million baht) to the 2019 annual general meeting of shareholders for approval.

Management Structure



Board of Directors

As of 31 July 2019, the Board is comprised of 15 members as detailed below:

1. Mr. Jatuporn	Sihanatkathakul	Chairman of the Board
2. Dr. Charoen	Meenook	Director
3. Prof. Dr. Deja	Tanphaichitra	Director
4. Asst. Prof. Dr. Prapas	Teerakul	Director ¹
5. Mr. Prapat	Suthawate	Director
6. Mr. Sumeth	Jenjesda	Director
7. Dr. Arkom	Cheirsilpa	Director
8. Mr. Thiti	Sihanatkathakul	Director
9. Mr. Pitipat	Sihanatkathakul	Director
10. Mr. Norathep	Sihanartkatakul	Director
11. Mr. Kraisaak	Kadkum	Director and Chairman of the Audit Committee
12. Dr. Pridi	Hetrakul	Director and Member of the Audit Committee
13. Assoc. Prof. Dr. Chertsak	Dhiraputra	Director and Member of the Audit Committee
14. Asst. Prof. Dr. Panya	Issarawornrawanich	Director and Member of the Audit Committee
15. Mr. Chailerg	Viriyarattanaporn	Director and Member of the Audit Committee

Authorized Director

Two of the six authorized directors, namely Mr. Jatuporn Sihanatkathakul, Dr. Charoen Meenook, Mr. Prapat Suthawate, Asst. Prof. Dr. Prapas Teerakul, Dr. Pridi Hetrakul, and Mr. Thiti Sihanatkathakul shall co-sign and affix the Company's seal to legally bind the Company²

Scope of Duty and Responsibility of the Board

The Board shall have the authority, duties and responsibilities to perform acts with care and integrity to ensure the Company's compliance with applicable laws, the corporate purpose, the articles of association, and the resolutions of legitimate shareholders' meetings. Key authority and responsibilities of the Board are as summarized below.

- The Board shall call an annual general meeting of shareholders within 4 months from the end of the Company's accounting period.
- The Board shall convene a Board meeting at least every 3 months.
- The Board shall propose the audited statements of financial positions and the statement of comprehensive income as of the end of the Company's accounting period to a shareholders' meeting for approval.

¹ Asst. Prof. Dr. Prapas Teerakul resigned from the directorship before expiry of his term in office, effective since 1 September 2019 onwards.

² The Company registered the withdrawal of Asst. Prof. Dr. Prapas Teerakul from the list of signatory authority on 3 September 2019, thus two of the five authorized directors shall co-sign and affix the Company's seal.

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- (d) The Board may delegate a director, directors or other persons to perform acts on its behalf and under its supervision; or delegate to such persons the authority within the scope as the Board deems appropriate. Such delegation may be annulled, amended, or re-assigned to other persons as the Board deems appropriate.

The Board may delegate to managing directors the authority and responsibility to perform acts or duties as detailed in the scope of power and responsibilities of managing directors. Such delegation shall not explicitly or implicitly vest managing directors with the power to consider and approve transactions involving conflict of interest between themselves or their related parties and Company or its subsidiaries (if any), unless otherwise permitted by applicable policies and criteria previously approved by the Board.

- (e) The Board shall determine the Company's policies, directions, business plans and budget plans as well as govern managing directors' operations to assure compliance with the policies and directions given by the Board. This clause excludes matters such as capital increase, capital decrease, sale or transfer of entire business or significant part of business, business acquisition, acceptance of business transfer, amendment of the Company's articles of association, etc., which the Board must obtain prior approval from the shareholders' meeting in accordance with regulatory requirements. The Board also has the duty to oversee the Company's compliance with the Securities and Exchange Act, rules and regulations of the Stock Exchange of Thailand governing, for example, related-party transactions and acquisition or disposal of material assets, and other relevant laws.
- (f) The Board shall approve management structure and the appointment of managing directors and members of committees as appropriate.
- (g) The Board shall monitor the Company's performance and assure that it is consistently in line with business plans and budget plans.
- (h) Directors shall refrain from operating businesses similar to or competing with the Company or being partners in ordinary partnerships, partners with unlimited liability in limited partnerships, or directors of private companies or companies operating businesses similar to and competing the Company, regardless of whether such tenure is for the interest of themselves or others, unless the shareholders' meeting has been notified of the tenure before approving their directorship.
- (i) Directors shall, without delay, notify the Company of their direct and indirect conflict of interest related to the Company's contractual transactions, and change in their possession of shares or debentures of the Company or its subsidiaries.

Director and Executive Development

The Company focuses on promoting constant knowledge and performance development of directors, executive, Company Secretary and all staff. For the Board, directors are encouraged to participate in courses relating to fulfilment of duties or seminars arranged by the Thai Institute of Directors (IOD), the Stock Exchange of Thailand, etc., in order to enhance the knowledge and capacity for efficient discharge of duties as the Company's directors.

In the past year, Asst. Prof. Dr. Panya Issarawornrawanich, a director, an independent director and member of the Audit Committee, attended 4 seminars on the following topics:

1. Regulations of the Federation of Accounting Professions on the code of ethics for professional accountants B.E. 2561
2. Seminar and development of instructors on accounting practices B.E. 2562
3. Accounting adjustments for accuracy and tax benefits from the Revenue Department
4. 3rd Kesree Narongdej Forum: Reinventing Confidence in Accounting Profession.

Contents of these seminars strengthened his knowledge in accounting and finance.

Company Secretary

The Board of Directors appointed Mrs. Daranee Dhubkaen to hold the position of the Company Secretary from 14 September 2018 in order to supervise and hold the meeting of the Board of Directors and Shareholder Meeting as well as to prepare the minutes of the Meeting of the Board of Directors and Shareholder Meeting, annual report, and documents storage as defined by law. Moreover, she is also assigned to provide some suggestions to the Board of Directors and executives on criteria related to the listed companies of the Stock Exchange of Thailand and good corporate governance.

Scope of Duty and Responsibility of Corporate Secretary

1. To provide primary suggestions to the Board of Directors on laws, regulations and rules of the company as well as to monitor compliance and report all significant changes to the directors.
2. To prepare notices of the Meeting of Shareholders and the Meeting of the Board of Directors, as well as to make arrangements for said Meetings in compliance with laws.
3. To record the minutes of the Shareholder Meeting and the Meeting of Board of Directors as well as to follow-up the compliance with the meeting's resolution.
4. To prepare and keep documents specified by laws, such as director register, reporting of conflict of interest as reported by the Company's directors or executives, etc.
5. To supervise information disclosure and disclosure of information report of the company unit with responsibility on corporate governance.
6. To contact and communicate with shareholders.
7. To supervise activities of Board of Directors.

Audit Committee

As of 31 July 2019, the Audit Committee is comprised of 5 members as follows:

- | | | |
|------------------------------|--------------------|---------------------------------|
| 1. Mr. Kraiak | Kadkum | Chairman of the Audit Committee |
| 2. Dr. Pridi | Hetrakul | Member of the Audit Committee |
| 3. Assoc. Prof. Dr. Chertsak | Dhiraputra | Member of the Audit Committee |
| 4. Asst. Prof. Dr. Panya | Issarawornrawanich | Member of the Audit Committee |
| 5. Mr. Chailerg | Viriyarattanaporn | Member of the Audit Committee |

Asst. Prof. Dr. Panya Issarawornrawanich, an assistant professor of Accounting Department, Thammasat Business School, Thammasat University, and a certified public accountant, and Mr. Chailerg Viriyarattanaporn was Accounting and Tax Consultant, I.G.S Co. Ltd. Both are an Audit Committee member who possesses extensive accounting and finance knowledge and experience.

Acting Secretary to the Audit Committee

The Audit Committee considers and selects Mr. Attapong Tipaksorn to hold the position of the secretary for the Audit Committee in order to supervise and manage the operation of the Audit Committee on appointment, meeting, preparation of meeting agendas, delivering supporting documents, and record the minutes.

Scope of Duties and Responsibilities of the Audit Committee

Scope of duties and responsibilities of the Audit Committee is as follows:

- (a) Review the Company's financial reports to ensure accuracy and adequacy of the quarterly and annual financial reports.
- (b) Review the Company's internal control and internal audit to ensure their appropriateness and effectiveness as well as consider on independence of internal audit unit and approve appointment, removal, and termination of employment of the Head of Internal Control Audit Unit or Heads of other units with responsibility on internal audit.
- (c) Review the Company's compliance with the Securities and Exchange Act, rules and regulations of the Stock Exchange of Thailand or applicable laws.
- (d) Screen and nominate external auditors for the Company by taking into consideration on the audit fees based on the credibility, resources, and workload of auditing firms concerned as well as the independence and experience of designated auditors and offer remuneration of auditor plus with attending the meeting with the auditor without the management at least once a year.
- (e) Examine the Company's disclosure of related-party transactions or conflict of interest to be correct and complete according to laws and requirements of the Stock Exchange of Thailand in order to ensure that such transactions are reasonable with ultimate benefit for the company.
- (f) Perform any other duties as assigned by the Board and concurred by the Audit Committee which include, for example, reviewing financial and the executives' compliance with the code of ethics which must be publicly disclosed in important reports such as the management discussion and analysis in accordance with the laws.

- (g) Prepare the Audit Committee's Report which must contain the Audit Committee's opinions regarding:
- The accuracy and reliability of the Company's financial reports and disclosure.
 - The adequacy of the Company's internal control.
 - The appropriateness of the company's auditor.
 - Compliance with Securities and Exchange Act, requirements of the Stock Exchange of Thailand or laws related to the company's business.
 - Transactions with conflict of interest.
 - Number of audit meeting and attendance of each audit committee.
 - Other reports that are considered to be acknowledged by shareholders and general investors under the scope of duties and responsibilities as assigned by the Board of Directors.
- (h) Regularly report the Audit Committee's performance to the Board at least quarterly.
- (i) Provide opinions on the performance evaluation, appointment, removal and remuneration of internal auditors.

An office term of the Audit Committee

An office term of the Audit Committee is defined as follows:

- Chairman of the Audit Committee 2 years
- Member of the Audit Committee 2 years

The Chairman and members of the Audit Committee who retire by rotation may be re-appointed.

Qualification of Audit Committee Member and Selection Process

The Board is vested with the authority to appoint 3 persons possessing qualifications in accordance with the Securities and Exchange Act, and notifications, rules and/or regulations stipulated by the Securities and Exchange Commission to serve on the Audit Committee. At least 1 member of the Audit Committee shall have finance and accounting knowledge. Each member of the Audit Committee shall hold an office term of 2 years at a maximum and must meet the following qualification criteria: The Audit Committee members must possess qualifications as an independent director under the definitions of independence of independent director.

- a. Holds not more than 1 percent of total voting shares of the Company, its parent company, its subsidiaries, its associate companies or entities of persons who may have conflict of interest.
- b. Is not engaged in the Company's management and is not staff, employee, salaried advisor or person with controlling power of the Company, its parent company, its subsidiaries, its associate companies or entities owned by persons who may have conflict of interest unless such engagement is over not less than 2 years. Such prohibition is excluded with the case of government officer or government consultant who is the major shareholder or controller of the company.
- c. Is not related by blood, marriage or legal registration as father, mother, child or close relative of persons who may have conflict of interest.

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- d. Does not have business relationship with the Company, its parent company, its subsidiaries, its associate companies or entities owned by persons who may have conflict of interest in a manner that may obstruct his/her independent judgment as well as does not possess any characteristic which may obstruct his/her independent opinion on the Company's business operations unless such relationship is over not less than 2 years.

Business relationship as defined in the first paragraph and normal trading transactions for business operation or real estate leasing or letting of leasing, transactions on assets or services or financial support providing through loans providing or receiving, guaranty, mortgage, and other behaviors in the same manner causing the company or the party to have some debts required to be paid to other party from the rate of 3% of net tangible assets of the company or from 20 million baht and over, whichever is lower. Such debts shall be calculated in accordance with the method for calculating value of connected transactions specified by the Notification of the Capital Market Supervisory Board regarding connected transaction, mutatis mutandis However, to consider on such debts, all debts occurred during one year prior the day of making such business relationship with the same person.

The term "shareholder with implication" under the first paragraph means a shareholder holding shares in any business at an amount exceeding 10% of the total voting shares, and whose shareholding shall include the shares held by his/her connected person.

- e. Has not ever been the auditor of the company, its parent company, its subsidiaries, its associate companies or entities owned by persons who may have conflict of interest and shareholder with implication, control, or shares of the audit office with the auditor of the company, its parent company, its subsidiaries, its associate companies or entities owned by persons who may have conflict of interest unless such position is over not less than 2 years.

The term "shares" under the first paragraph means a person assigned by an audit firm to place signature on the audit report on behalf of such juristic person.

The term "shareholder with implication" under the first paragraph means a shareholder holding shares in any business at an amount exceeding 10% of the total voting shares, and whose shareholding shall include the shares held by his/her connected person.

- f. Has never been the service provider of any profession including legal consultant or financial consultant with service fee over than 2,000,000 baht per year from the company, its parent company, its subsidiaries, its associate companies or entities owned by persons who may have conflict of interest and shareholder with implication, control, or partner of the service provider of such profession unless such service providing is over not less than 2 years.

The term "partner" under the first paragraph means a person assigned by a professional service provider to place signature on the professional service report on behalf of such juristic person.

The term "shareholder with implication" under the first paragraph means a shareholder holding shares in any business at an amount exceeding 10% of the total voting shares, and whose shareholding shall include the shares held by his/her connected person.

- g. Has never been the director who is appointed as the representative of the director of the company, major shareholder or shareholder related to major shareholder.

- h. Does not operate any business with the same condition with implicit competition against the company or its subsidiaries or is not a partner with implication in any partnership or directors involving with management, employees, workers, full-time consultant or consultant holding shares over than 1% of total votes of other companies operating similar business with implicit competition against the company or its subsidiaries.
- i. Has no other manners that obstruct independent opinion on the Company's business operations.

The Audit Committee member must possess additional qualifications other than those of an independent director, as follows:

- a. Not being a director assigned by the Board to make decisions on the business operations of the Company, parent company, subsidiaries, associate companies, same-level subsidiaries, major shareholders or controlling persons of the Company, and not being a director of parent company, subsidiaries or same-level subsidiaries that are listed on the Stock Exchange of Thailand;
- b. Having adequate knowledge and experiences to perform duties as an Audit Committee member, provided that at least 1 Audit Committee member has adequate knowledge and experiences to review the credibility of financial statements;
- c. Being capable of giving opinions and recommendations on internal control system reports of the Internal Audit unit or an internal audit service provider of the Company.

Management Team

As of July 31, 2019 the management team is comprised of 11 executives as follows:

1. Mr. Jatuporn	Sihanatkathakul	Chairman of the Board
2. Dr. Charoen	Meensook	Chief Medical Officer
3. Hon. Clinical Prof. Chaiporn	Phadrakom	Medical Director and Chief Operating Officer
4. Dr. Virachai	Phungrasamee	Deputy Medical Director
5. Mrs. Nampetch	Saraggananda	Deputy Medical Director - Nursing
6. Mrs. Chadarat	Siriwat	Deputy Chief Operating Officer
7. Mr. Bancherd	Balamongkhon	Deputy Chief Operating Officer
8. Ms. Malee	Boonleechai	Senior Deputy Administrative Director - Corporate Support and Deputy Administrative Director - Business Development
9. Mrs. Daranee	Dhubkaen	Deputy Administrative Director - Finance and Accounting and Company Secretary
10. Mr. Pongsak	Techasatirakul	Assistant Medical Director
11. Ms. Suranchana	Tanpleeratana	Assistant Administrative Director - Front Service

Scope of Duty and Responsibility of the Chairman of the Board

The Chairman of the Board shall have the following scope of duty and responsibility:

- (a) The Chairman of the Board shall review the annual budget allocation plan proposed by the management prior to submission thereof for the Board's approval.
- (b) The Chairman of the Board shall have the authority to approve procurement transactions within the limit of Baht 10,000,000 per transaction.

The Chairman of the Board shall not have the power to approve transactions of the Company and its subsidiaries (if any) which involve conflict of interest with himself or his related parties in accordance with rules and regulations of the Stock Exchange of Thailand. Such transactions shall be proposed to the Board's meeting and/or the shareholders' meeting for approval as required by the Company's articles of association or applicable laws, unless they are in the ordinary course of the Company's business and meet the specific approval criteria previously established by the Board.

Scope of Duties and Responsibilities of Chief Medical Officer

Chief Medical Officer shall have the authority, duty and responsibility to give consultation and advice to doctors and formulate medical policies as detailed below:

- a. Undertake supervision to ensure that the Company's medical policies comply with rules and regulations stipulated by the Ministry of Public Health.
- b. Provide consultation and advice for doctors about proper medical practices in accordance with professional standard and ethics.

Chief Medical Officer shall not have the power to approve transactions of the Company and its subsidiaries (if any) which involve conflict of interest with himself or his related parties in accordance with rules and regulations of the Stock Exchange of Thailand. Such transactions shall be proposed to the Board's meeting and/or the shareholders' meeting for approval as required by the Company's articles of association or applicable laws, unless they are in the ordinary course of the Company's business and meet the specific approval criteria previously established by the Board.

Scope of Duties and Responsibilities of Medical Director

Medical Director shall have the authority, duty and responsibility to manage ordinary medical service operations as detailed below:

- a. Control medical services and day-to-day operations of doctors, nurses, pharmacists and medical staff to ensure compliance with regulatory requirements stipulated by the Ministry of Public Health, the Medical Council of Thailand, Thailand Nursing and Midwifery Council and the Pharmacy Council of Thailand.
- b. Execute work in accordance with policies, business plans and budget plans approved by the Board.
- c. Make decisions on recruitment of medical personnel with suitable knowledge and expertise as well as on employment termination.
- d. Supervise the selection of medicines and medical supplies, equipment and tools.

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- e. Consider, in collaboration with department heads, rates of salary, bonus and compensation of employees, staff and persons hired by the Company within the framework approved by the Board.
 - f. Control service quality to consistently meet health care accreditation standards.

Medical Director shall not have the power to approve transactions of the Company and its subsidiaries (if any) which involve conflict of interest with himself or his related parties in accordance with rules and regulations of the Stock Exchange of Thailand. Such transactions shall be proposed to the Board's meeting and/or the shareholders' meeting for approval as required by the Company's articles of association or applicable laws, unless they are in the ordinary course of the Company's business and meet the specific approval criteria previously established by the Board.

Scope of Duties and Responsibilities of Chief Operating Officer

Chief Operating Officer shall have the authority, duties and responsibilities to manage and supervise all quality improvement activities of the hospital as detailed below:

- a. Govern all quality improvement activities of the hospital.
- b. Manage all risks associated with health care services provided by the hospital.
- c. Execute work in accordance with policies, business plans and budget plans approved by the Board.
- d. Consider, in collaboration with department heads, rates of salary, bonus and compensation of employees, staff and persons hired by the Company within the framework approved by the Board.
- e. Control service quality to consistently meet health care accreditation standards.

Chief Operating Officer shall not have the power to approve transactions of the Company and its subsidiaries (if any) which involve conflict of interest with himself or his related parties in accordance with rules and regulations of the Stock Exchange of Thailand. Such transactions shall be proposed to the Board's meeting and/or the shareholders' meeting for approval as required by the Company's articles of association or applicable laws, unless they are in the ordinary course of the Company's business and meet the specific approval criteria previously established by the Board.

Scope of Duties and Responsibilities of Administrative Director

Administrative Director shall have the authority, duty and responsibility to manage and supervise ordinary operations and administration of the Company as detailed below:

- a. Govern and supervise the Company's administration and/or day-to-day operations.
- b. Execute work in accordance with policies, business plans and budget plans approved by the Board.
- c. Review the annual budget allocation plan proposed by the management prior to submission of the plan to the Board for approval. Consider and decide on requests for annual budget revision or increase which are urgent and cannot wait until the upcoming Board's meeting. Decisions on such requests shall be reported to the subsequent Board's meeting.
- d. Approve procurement transactions within the limit of Baht 300,000 per transaction.
- e. Consider, in collaboration with department heads, rates of salary, bonus and compensation of employees, staff and persons hired by the Company within the framework approved by the Board.

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- f. Serve as an authorized person of the Company who is empowered to manage the Company's business in strict compliance with the corporate purpose, articles of associations, policies, regulations, rules directives, and resolutions of shareholders' meetings and/or resolutions of the Board's meetings.

Administrative Director shall not have the power to approve transactions of the Company and its subsidiaries (if any) which involve conflict of interest with himself or his related parties in accordance with rules and regulations of the Stock Exchange of Thailand. Such transactions shall be proposed to the Board's meeting and/or the shareholders' meeting for approval as required by the Company's articles of association or applicable laws, unless they are in the ordinary course of the Company's business and meet the specific approval criteria previously established by the Board.

The Board's meeting resolved to increase the authority limit of Deputy Administrative Director to 300,000 Baht per transaction which is the same as the authority limit of Administrative Director. Deputy Administrative Director shall not have the power to approve transactions of the Company and its subsidiaries which involve conflict of interest with herself or her related parties in accordance with rules and regulations of the Stock Exchange of Thailand. Such transactions shall be proposed to the Board's meeting and/or the shareholders' meeting for approval as required by the Company's articles of association or applicable laws, unless they are in the ordinary course of the Company's business and meet the specific approval criteria previously established by the Board.

Director and Executive Nomination

The nomination of directors is proposed to the shareholders' meeting and subject to the majority vote of shareholders. Though the Nomination Committee is not involved in the nomination process, the Company has taken steps to ensure that director candidates meet the qualification criteria as set out in the Public Limited Companies Act B.E. 2535 and possesses professional knowledge and expertise which are beneficial to the Company's business, visionary leadership, integrity, morality, proven record of transparency, and independence.

The Company has established a committee consisting of senior medical, nursing and administrative executives to be responsible for screening and interviewing candidates for executive positions. The remuneration packages of senior executives is based on their scope of duties and responsibilities and benchmarked with other companies of comparable size in the same industry.

Directorship in Other Listed Companies

The Board of Directors sets a policy on directorship in other listed companies as follows:

Policy on the directors' holding of directorship in other listed companies:

- 1) The Board prescribes that each director is able to hold directorship in no more than 3 other listed companies so as to ensure director's efficiency and total dedication of time to perform duties as the Company's director.
- 2) Directors should not take up directorship in other listed companies that may cause a conflict of interest with the Company and the discharge of duties as the Company's director.

New Director Orientation

The Company arranges orientation session for newly appointed directors. In this regard, the Company Secretary is assigned to provide the new directors with all documents and information helpful to the discharging of their duties. This will acquaint the new directors with the Company's business policy including other relevant information such as capital structure, shareholders, operating performance, internal systems, and also regulatory laws and regulations. At the session, the new directors shall receive a Corporate Director Manual, which consists of:

1. Public Limited Companies Act (1992);
2. Securities and Exchange Act (1992);
3. Certificate of Corporate Registration;
4. Company Affidavit;
5. Memorandum of Association;
6. Articles of Association;
7. Good Corporate Governance Handbook;
8. Listed Company Director Handbook.

In 2019, The Company has no new directors.

Director and Executive Remuneration

The Company's expenses on remuneration and fringe benefits for directors and executives for the year ended on 31 July 2019 are as shown below:

- a. Total director remuneration in relation to attendance fees and benefits is as listed below:

Name	Board Meeting		Audit Committee Meeting		Total
	No. of Attendance / No. of Meeting	Attendance Total Fee Amount	No. of Attendance / No. of Meeting	Attendance Total Fee Amount	
Mr. Jatuporn Sihanatkathakul	2/4	36,000	-	-	36,000
Dr. Charoen Meensook	4/4	56,000	-	-	56,000
Prof. Dr. Deja Tanphaichitra	1/4	14,000	-	-	14,000
Dr. Arkom Cheirsilpa	3/4	42,000	-	-	42,000
Mr. Prapat Suthawate	4/4	56,000	-	-	56,000
Asst. Prof. Dr. Prapas Teerakul	4/4	56,000	-	-	56,000
Mr. Sumeth Jenjesda	4/4	56,000	-	-	56,000
Mr. Thiti Sihanatkathakul	4/4	56,000	-	-	56,000
Mr. Pitipat Sihanatkathakul	4/4	56,000	-	-	56,000
Mr. Norathep Sihanatkathakul	4/4	56,000	-	-	56,000

Name	Board Meeting		Audit Committee Meeting		Total
	No. of Attendance / No. of Meeting	Attendance Total Fee Amount	No. of Attendance / No. of Meeting	Attendance Total Fee Amount	
Mr. Kraisa Kadkum	4/4	56,000	5/5	90,000	146,000
Dr. Pridi Hetrakul	2/4	28,000	5/5	70,000	98,000
Assoc. Prof. Dr. Chertsak Dhiraputra	4/4	56,000	5/5	70,000	126,000
Asst. Prof. Dr. Panya Issarawornrawanich	4/4	56,000	5/5	70,000	126,000
Mr. Chailerg Viriyarattanaporn	4/4	56,000	5/5	70,000	126,000
Total		736,000		370,000	1,106,000

Director remuneration refers to remuneration paid to the Company's directors, exclusive of monthly salary and fringe benefits offered to executives. The director remuneration has been approved by the shareholders' meeting.

Medical benefit for directors and their families are limited at Baht 800,000 per year and the Company's expenses on the said benefit in 2019 amounted to Baht 4,249,528 as detailed in the note 6 to the financial statements. All medical expenses which exceed the limit are charged and collected in accordance with the Company's procedures.

b. Executive Director and Executive Remuneration

Total remuneration of executive directors and executives of the Company in 2018 amounted to Baht 39.54 million, inclusive of monthly salary, medical benefits and fringe benefits offered to executives.

Personnel

The Company determines remuneration to personnel in commensurate to individual responsibilities and performance. It also has a policy to review and adjust, on an annual basis, the payment of remuneration and special rewards appropriately and fairly to be in line with such factors as economic conditions, cost of living, remuneration benchmark of companies in the same industry, as well as the Company's operating results in tandem with work performance.

Apart from appropriate remuneration, the Company also provides healthcare benefits and other welfare benefits, i.e. social security fund, provident fund, uniform, wedding gift payment, funeral service allowance, compensation in case of disability or death, annual checkup, influenza vaccination, including privileges granted to employees' family members on using medical services, etc.

As of 31 July 2019, the Company has 1,183 permanent employees and 125 contractual employees, now a total of 1,308 employees. Expenses on salary, wages and fringe benefits of employees in 2019 are as shown below.

Unit: Million Baht

Category	Amount
Salary, overtime, bonus, retiring allowance and others	516.91
Benefits	33.93
Contribution to Social Security Fund	10.35
Contribution to provident fund	3.84
Contribution to Fund for Empowerment of Persons with Disabilities	-
Others	0.25
Total	565.28



Corporate Governance

The Company places much importance on undertaking business under corporate governance principles. With respect to this, the Board of Directors complies with Code of Best Practice for Directors of Listed Companies.

Furthermore, the Company recognizes its roles, duties and responsibilities under the Good Corporate Governance Principles, with firm belief that good corporate governance enables the Company to develop business monitoring systems with transparency, efficiency and social responsibility, helps shape corporate structure and strengthens relationships between directors, executives, shareholders, investors and all stakeholders for productive, continual and steady growth of the business. The Company therefore adopts the Good Corporate Governance Principles as guidelines for operations in order to facilitate and foster business transparency toward higher management efficacy that shall build up the confidence of the shareholders, investors and all related parties.

The Good Corporate Governance Principles cover 5 areas of conduct, which include Section 1: Shareholders' Rights, Section 2: Equitable Treatment of Shareholders, Section 3: Corporate Roles Toward Stakeholders, Section 4: Information Disclosure and Transparency, and Section 5: Responsibilities of the Board. Details of each section are as follows:

Chapter 1: Best practice on Rights of Shareholders

1. Shareholder Meeting

The Company gives the most importance to equitable treatment of all shareholders. At each shareholders' meeting, the Company has submitted the meeting invitation along with supporting information of each agenda item to the shareholders for at least 7 days in advance. In addition, the shareholders have equal rights to examine the Company's operations and able to give comments and recommendations independently. The Company performs the following actions to facilitate the shareholder's right exercising in the shareholder meeting.

The Company defines to hold the General Shareholder Meeting once a year within 4 months from the end of Company's account year. In the event of any urgent case, the special agenda shall be offered and the company shall call the Extraordinary General Shareholder Meeting on a case by case basis.

For advance notice of meeting invitation, after having the resolution to hold the Annual General Meeting of Shareholders and the Company has already disclosed resolutions, meeting date, agendas, in the website of the Stock Exchange of Thailand in order to inform shareholders in advance or before 09:00 a.m. of the next day. The Company will send invitation letter consisted of details on meeting date, time, and venue, some necessary information for making decision or giving the resolution, former minutes, annual reports,

supporting documents, and Proxy for any shareholder who is unable to attend the meeting in person. The method of proxy is already specified clearly in the company's documents sent to shareholders and also disclosed on the company's website prior the meeting date as well as announced on the daily newspaper for 3 consecutive days prior the meeting. Shareholders will have adequate time to consider on obtained information. The Company will not perform any action that may hinder or obstruct shareholders from communicate with one another.

The Company will facilitate all groups of shareholders to exercise their right of meeting attending and voting fully without any expense and difficult method. The Company will not perform any action that may limit any opportunity on meeting attending of any shareholder. The Company will check the name list and number of shares of shareholders classified by types of shareholders helping to facilitate registration on the meeting date.

The Company also has a policy to allow shareholders who are unable to attend the meeting to appoint an Audit Committee member of the Company as their proxy to attend the meeting and vote on their behalf by using any Proxy Form sent by the Company with meeting invitation. Moreover, shareholders are also able to download Proxy via the Company's website.

2. Procedures of Shareholder Meeting

The Company defines that shareholders have to register via computer system prior attending the meeting and ballots are prepared for each agenda for convenience and correctness.

The Company will introduce the Board, Audit Committee, Executives, and Auditor (mediator) for transparency prior the meeting and the company will keep all ballots as evidence for any subsequent dispute.

The Company will moderate the meeting based on the order of agendas unless it is voted by the meeting's resolution to change any agenda with the votes not less than two third of total attended shareholders or proxies (if any).

At each shareholders' meeting, the Company has improved meeting procedures and provided all shareholders an equal opportunity to examine the Company's operations, to make enquiries, comments and recommendations. After the meeting, significant enquiries and comments shall be completely and accurately recorded in the meeting minutes.

3. Disclosure on Resolutions of Shareholder Meeting

The Company will disclose the resolutions of shareholder meeting with votes of all attended shareholders and proxies clearly specified with proportion of agreement, disagreement and abstaining of each agenda as well as voting method and vote counting. The Company will clarify this information prior the meeting and disclose this information via the Company's website and news system of the Stock Exchange of Thailand within end of the day after finished the meeting or within 9.00 a.m. of a next day, as well as send the minutes of meeting to the Stock Exchange of Thailand and the Office of Securities and Exchange Commission within 14 days from the meeting date. The subject matter of all questions and suggestions provided by shareholders in each agenda shall be summarized completely as well as clarification of the company's Board and executives.

Chapter 2: Equitable Treatment of Shareholders

1. Protection of Rights of Shareholders

In the shareholder meeting, the Company will nominate each director in election of directors to be considered by shareholders in order to enable shareholders to exercise their rights to vote directors individually.

The Company will not add any agenda without informing shareholders in advance in all cases. In the event of any necessary agenda, it will be specified in the next meeting therefore shareholders will have adequate time for considering.

2. Provision of Dual Language Documents

The Company shall disclose significant information via the electronic system of the Stock Exchange of Thailand and on the corporate website in Thai and English so as to allow equal access to the Company's information for both Thai and foreign shareholders.

3. Insider Trading

Recognizing the significance of prevention against the use of inside information for personal gain, the Board has set forth a policy to maintain the confidentiality of non-public information and to allow only concerned persons to have access to such information.

The Company has already informed all the directors and executives of the duty to report holdings in the Company's securities, including changes thereof, by them, their spouses and minor children to the Office of the Securities and Exchange Commission in accordance with the Securities and Exchange Act B.E. 2535.

Additionally, the Company has implemented a regulation prohibiting directors, executives, personnel as well as their spouses and minor children from utilizing the Company's non-public inside information, especially financial information, for personal gain through the trading, transfer or acquisition of the Company's securities. Except for the aforementioned case, the directors, executives, their spouses and

minor children that have traded, transferred or acquired the Company's securities must report every such transaction to the Office of the Securities and Exchange Commission within 3 days from the transaction date, as well as submit a copy of the report to the Company Secretary as evidence.

Chapter 3: Roles of the Company Stakeholders

1. Shareholders

The Company has emphasized on developing the organization to grow continuously enabling the company to earn more income, profit, and value. Consequently, the company's shareholders will be able to gain the highest reward.

The Company puts emphasis on operating business for the ultimate benefit of shareholders and continuous growth of the company with transparency and reliability. The Company has a policy to pay for dividend to shareholders in the rate of 60% of net profit after deducted with corporate income tax. However, the company may specify lower rate of dividend payment in the event that it is necessary for the company to spend such net profit to expand the company's business operation.

2. Customers

The Company pays attention and takes responsibilities towards all customers by providing quality and standard services as well as keeping their secrets under legal compliance. In addition, the company also provides a unit to accept complaining of customers for solving their problems as well as to assess their satisfaction by making the questionnaires on satisfaction and demands of customers for every quarter.

3. Personnel

Regarding personnel as valuable asset and key factor to success, the Company puts emphasis on human resources and thus implements the following practices:

- Fair compensation: The Company provides appropriate and fair compensation to personnel in the form of salary or wage. Promotion, transfer and reward are granted based on competency, behavior and performance of individual personnel.
- Appropriate welfare: The Company sets up the Welfare Committee and arranges appropriate welfare benefits that extend to employees' families in order to promote their positive performance, work morale and well-being. These benefits include provident fund, social security fund, medical expense, medical expense discount for staff families, uniform, death-in-service insurance, annual checkup, annual influenza vaccination, wedding gift payment, condolence payment upon the death of employees' parents, children and spouses, financial assistance on flood or fire incident, etc.
- Personnel development: The Company regularly organizes training courses on basic and specialized professional skills to enhance employees' knowledge, operational skills, management skills as well as technical skills so that they can work more efficiently. Average training time for each employee is 18.81 hours a year. In addition, the Individual Development Plan (IDP) is carried out in order to boost staff capability to the fullest.

4. Competitors

The Company has complied with good competitive rules and avoided any dishonest method to destroy any competitor.

5. Suppliers/Alliance /Creditors

The Company treats suppliers, alliance and creditors in an honest and fair manner, and complies with all trading conditions or terms of agreements in order to establish healthy business relationship and also to bolster their confidence which will be beneficial to all parties. Moreover, the Company shall not conceal any information or facts damaging to its suppliers, alliance and creditors.

6. Society Community and Environment

The Company has always emphasized on community and environment as a part of society with responsibility towards environment of nearby communities by supporting many activities for public benefits including providing general health check-up service for free in Bangna and Prawet, etc. Moreover, The Company also emphasizes and takes responsibilities on environment by controlling wastewater discharge, standard and efficiency infective and toxic waste disposal as defined by laws.

Attentive to personnel development regarding environmental concern, moreover, the Company has arranged environment-related courses for working personnel and interested persons in effort to inculcate in them awareness of the issue. During August 2018 – July 2019, training courses were organized as follows:-

No	Training	Course	Institution	Place	D/M/Y	Attendance
1	Internal Training	Occupational Safety, Health and Environment for General Employees	Safety and Health At Work Association (Thailand)	Thainakarin Hospital	28 Aug 18	47
2					12 Dec 18	59
3					18 Jan 19	60
4					15 Feb 19	58
5					22 Mar 19	50
6					19 April 19	57
7					10 May 19	52
8					24 June 19	52
9					22 July 19	46
10	External Training	White Road Campaign	Toyota Motor Thailand Co., Ltd.	Toyota Driving Experience Park	15/17 Aug 18	12
11		Advance Fire Fighting Training Course	Chayawan Fire Service Limited Partnership.	CHN. Fire Service Khlong Luang Phaeng	4-5 Oct 18	1
12					16-17 Nov 18	1
13					4-5 May 19	1
14		3-Year, 3-Million Smoking Quitters Project to Honor the King	The Office of Drug Abuse Prevention and Treatment, Ratchathewi District Office	The Tawana Bangkok	25 April 19	2

Chapter 4: Disclosure and Transparency

1. Disclosure

- 1.1 The Company will disclose some important information on the Company's website, www.thainakarin.co.th, in order to enable shareholders, analysts and general persons to search for public information rapidly.
- 1.2 In the Annual General Meeting of Shareholders, the Company will send meeting invitation and annual report (in CD format) to shareholders via mail and announce this meeting via newspaper and the company's website. In the Extraordinary Meeting of Shareholders, the Company will send meeting invitation to shareholders via mail and announce this meeting via newspaper as well as the Company's website.
- 1.3 The Company has a related unit to reply all questions and coordinates with analysts, investors, and other related persons on information related to the company via Telephone No. 02 361 2727 or email: ir@thainakarin.co.th.
- 1.4 The Company shall disclose some important information of the company via the websites of the Stock Exchange of Thailand and the Company's website.
- 1.5 The Company will provide a contact channel to any person with any complaint on any illegal action against ethics or any behavior that may lead to any incorrect financial report preparation or presentation or defect internal control system whereas the company will keep such complaint as secret. In the event that any person finds any action as mentioned above, please inform the Company via Telephone : 02 361 2727, Email: cg@thainakarin.co.th.
- 1.6 Process of actions upon receipt of complaints: The supervisory unit shall prudently consider the reported complaint as appropriate to the case, by gathering facts, then evaluating and scrutinizing information. In a serious or complex case, the matter may either be sent to related unit for examination and investigation of facts, or be considered by the Audit Committee. If it is deemed necessary and appropriate, the supervisory unit can propose the matter to the consideration and scrutiny of the Audit Committee.
- 1.7 For financial report preparation, the Company will prepare the financial report correctly, completely, and transparently and the Company will send such financial report, annual and quarterly financial statements to related organizations within the due date as stipulated by laws strictly and will publicize such information on the company's website. The Company has emphasized on preparing financial statements correctly according to Accounting Standard.
- 1.8 The Company prepares explanation and analysis of the management by giving analytical explanation on financial position, performance, some important changes, and factors that are causes or affect to the Company's financial position and performance and such explanation must be submitted to the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 1.9 The Company partook in "mai FORUM 2019" activity under the theme "20th Anniversary of mai, Mutual Growth and Sustainability" organized by maiA on Saturday 13 July 2019. At the event, the Company's investor relations staff provided corporate information and one-on-one Q&A sessions. The forum participants included numerous analysts, investors, entrepreneurs, mass media and interested persons.

2. Information Disclosure on Company's Website

The Company discloses some financial information and non-financial information as required by the Stock Exchange of Thailand correctly, completely, timely, and transparently via the Company's website as well as publicizes some important documents that may be interested by investors and analysts on the Company's website. For example, objectives, vision, mission, nature of business, financial statement and financial information, annual report, 56-1 Form, invitation letter of Shareholder Meeting with documents related to Shareholder Meeting etc. In addition, all of these information and documents are always updated and the Company also provides the Company's telephone number, facsimile and email for contacting on the Company's website.

Chapter 5: Responsibilities of the Board

1. Board Structure

The Board is consisted of qualified persons with knowledge and experiences in various fields who have to supervise the management to perform the operations as planned efficiently and effectively in order to give the maximum value to the Company and the ultimate confidence to shareholders. The Board Meeting should be held at least once a quarter in order to consider on performance reports of medical and administrative departments.

2. Leadership and Vision

Despite no Nomination Committee, the Company's Board consists of directors with expertise, competence and experience in medical, accounting, legal and management fields. The Board shall set policies, vision, strategies, business goals, business plans and corporate budget as well as supervise the Management to efficiently and effectively comply with the specified policies, goals and plans under the legal framework, the Company's Articles of Association and the resolution of the shareholders' meeting, for the maximum benefit of the Company and shareholders as a whole.

The Board has also established effective internal control, internal audit and risk management systems, together with regular monitoring. In this regard, it shall supervise to ensure that all committees and responsible executives comply with the set policies.

3. Review and Approval of Corporate Vision, Mission and Business Policy and Direction

The Board reviews, revises and approves vision, mission, corporate governance policy and business ethics on an annual basis; takes part in determination of strategies, targets, business directions, business plan, budget, internal control system, internal audit and risk management measures, by assigning relevant committees to undertake the review, revision along with monitoring of such matters regularly; and supervises that all working units implement the determined business plan and budget efficiently and effectively in order to maximize economic value for the Company and investment security for the shareholders, taking account of the best interest of all stakeholders. It adheres to the code of conduct in performing the duties with integrity, and shall not perform any act for personal or other persons' gain or any act in conflict or competition with the Company's interest.

This includes overseeing that business operations are in accordance with the Company's objectives as well as the laws and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

The Company's vision, mission, business targets, including corporate governance policy have been published on its website and disclosed in the annual report.

4. Conflict of Interest

The Company currently has measures against conflicts of interest that may arise from related-party transactions between the Company and potential conflict-of-interest persons, where the executives and persons with related interest are unable to take part in approval of the transactions. Such related-party transactions shall be carried out in accordance with the laws on securities and exchange, the Public Limited Companies Act B.E. 2535, and the regulations, notifications, orders and requirements of the Stock Exchange of Thailand.

Additionally, the Audit Committee (independent specialists) and the auditors are assigned to review and give opinions on the appropriateness of prices and reasonableness of transactions. Details of the related-party transactions shall be disclosed in the notes to financial statements according to the accounting standards stipulated by the Institute of Certified Accountants and Auditors of Thailand. The Company has set forth clear procedures for approval of future related-party transactions, details as shown under the Internal Control heading. It has also implemented a policy and measures to prohibit executives and related persons from using inside information for personal gain, which require the executives to report the change in their securities holding to the Office of the Securities and Exchange Commission.

5. Business Ethics

The Company has adopted code of ethics or statement as guidelines for the Board, executives and all staff in discharging their duties with honesty, integrity and fairness. The Company shall supervise and monitor to ensure strict compliance with said code of ethics or statement, as well as stipulate disciplinary measures.

6. Balance of Power for Non-executive Directors

As of 31 July 2018, the Company's Board of Directors is comprised of 15 directors, 2 of which was executive directors and 13 non-executive ones. Of the total number, 5 were independent directors and also members of the Audit Committee, representing 33.33% of the total directors.

All such directors are qualified under the notification of the SET regarding qualifications and scope of duties of the Audit Committee, and shall perform their check-and-balance duties to ensure accurate and fair business management of the Company for the maximum benefit of its shareholders, transparency, and efficiency.

7. Aggregation or Segregation of Positions

The Medical Director must not be the same person as the Administrative Director. The Company, by the resolution of the Board meeting, has set a policy to segregate duties of supervision from day-to-day management and defined clear scopes of authority for each position. Executives shall have neither absolute power over any particular matters nor authority to delegate any persons to approve or execute transactions in which they or their related persons have interest or may lead to conflict of interest against the Company.

8. Remuneration of Directors and Executives

The shareholders' meeting has clearly fixed remuneration for directors. Remuneration of directors and executives shall be determined commensurate with their assigned roles, duties and responsibilities, and be at an appropriately attractive level to retain competent personnel with the Company. Determination of the remuneration shall be in accordance with the Board-specified principles and policy and in line with business performance and operating results alongside performance of each executive.

9. Board of Directors Meeting

Directors must attend the Board of Directors meetings regularly to acknowledge and jointly make decisions on the Company's business. In 2018, the Company has formally set the dates of the Board meetings for the entire year and notified all directors in advance so that they could allocate time for attendance. Special Board meetings may be convened as necessary. In 2019, the Board meetings, exclusive of special ones, for the year 2020 have been scheduled in advance (subject to change) as follows:

No.	Board of Director's meeting	Audit Committee meeting
1	9 December 2019	12 December 2019
2	10 March 2020	12 March 2020
3	9 June 2020	11 June 2020
4	8 September 2020	10 September 2020
5	8 December 2020	9 December 2020

According to the Articles of Association, the quorum of a Board meeting must not be less than one-half. To encourage the Company's good corporate governance implementation, however, the Board of Directors has jointly laid down guidelines that the quorum must not be less than two-third of the total number of directors.

In 2019, the Company held the Board meetings at least once every 3 months. From 1 August 2018 to 31 July 2019, the Board of Directors convened 4 times, each of which was attended by more than 70% of the total number of directors. The rate of meeting attendance over the 4 meetings accounted for 87% of the total number of directors. At each meeting, agenda items were clearly specified and meeting invitation was submitted at least 7 days in advance in order that the directors had sufficient time to study the information. Minutes of the meetings were recorded in writing and, after being adopted by the Board of Directors, kept ready for inspection by the Board of Directors and concerned parties.

Furthermore, if a director has any interest or benefit in an agenda item to be considered, he/she shall leave the meeting room before the consideration of such agenda so that the meeting can consider the matter independently.

10. Director and Executive Development and Succession Plan

The Board of Directors places emphasis on the development of directors and executives through a project on continual enhancement of knowledge and capacity proper to the assigned duties in order to endorse performance efficiency and efficacy of directors and executives. In this regard, directors are encouraged to take relevant courses of the Thai Institute of Directors.

In relation to director and executive succession planning, the Board of Directors has put in place an action plan in readiness for director's or top executive's retirement or inability to perform duties, to ensure that continuous business management and sustainable development of the Company. Practices for the plan are set out as follows:-

1. The Company arranges capacity enhancement programs for executives from division manager level upward, e.g. "Step forward to be a great leader" course.
2. Executives selected as successors must not only possess full qualifications and proper experiences in the required fields, but also acquire knowledge and experiences by rotating into relevant units as well as attending essential training courses in order to ensure their readiness for higher positions in the future, smooth succession of duties, and continuity of business management.

11. Committees

The Board of Directors has appointed the Audit Committee to assist in corporate governance. Authorities and duties of the Audit Committee have been clearly specified. The Administrative Director and the Medical Director shall be in charge of managing the Company according to the set policies. Moreover, the quality structure has been established in order to enhance the supervision and management of the Company.

There are 34 committees overseeing corporate governance and quality structure management, as follows:

- 1) Hospital Management Committee
- 2) Medical Executive Committee
- 3) Quality Development Committee
- 4) Medical Staff Organization
- 5) Nurses – Service Organization
- 6) Dentist Committee
- 7) Risk Management Committee
- 8) Information Management Committee (IMC)
- 9) Pharmacy and Therapeutics Committee
- 10) Human Resources Management and Development Committee
- 11) Infection - Control Committee
- 12) Medical Utilization Committee (MUC)
- 13) Medical Record Committee
- 14) Occupational Health, Safety and Environment Committee
- 15) Patient care team Surgery
- 16) Patient care team Pediatrics
- 17) Patient care team Medicine
- 18) Patient care team Obstetrics and Gynecology
- 19) Patient care team Cardiology
- 20) Patient care team Orthopedics
- 21) Patient care team Eye Ear Nose Throat
- 22) Patient care team Childbirth Perinatology
- 23) Patient care team Stroke
- 24) Patient care team Emergency Medicine
- 25) Patient care team Gastroenterology
- 27) Cardiopulmonary Resuscitation Committee
- 28) Resource Planning Committee
- 29) Medical Equipment and Supplies Revenue Review Committee
- 30) Complaints Management Committee
- 31) Mass Casualty Committee
- 32) Health Promotion Committee
- 33) Knowledge Management Committee
- 34) Customer Waiting Time Committee

These committees are responsible for overseeing the quality of medical care for patients. Data has been compiled and analyzed for approaches or measures to improve the quality of medical care and services, aiming to attain high quality of services that meet the hospital accreditation standards and relevant regulations.

Consisting of 15 members from medical, nursing and management teams, the Risk Management Committee is responsible for formulating risk management policies and systems pertinent to quality of services and safety of patients. The Committee shall analyze and identify contributory risk factors, develop risk-mitigating measures, as well as assign concerned units to constantly monitor the risks in accordance with the standards of The Healthcare Accreditation Institute (Public Organization).

12. Internal Control and Internal Audit

The Company puts great emphasis on the internal control systems both at management and operational levels, with control measures to optimize the use of resources. Responsibilities for approval, transaction recording and asset custody are segregated in order to promote proper checks and balances. The Company also carries out internal audits of financial-related and financial reporting systems, and periodically reports the results to the executives in charge.

At present, the Company has appointed Dharmniti Internal Audit Co., Ltd., as the internal auditor and established the Compliance Audit Department to control, audit and oversee the internal systems for more efficiency. The internal auditor must directly report to the Audit Committee for independence and transparency.

13. Reports of the Board of Directors

The Board of Directors is responsible for the Company's financial statements and financial information in the annual report. The financial statements are prepared according to the accounting standards generally accepted in Thailand, using appropriate accounting policies that are applied on a consistent basis based on prudent consideration and best estimates. All significant information is adequately disclosed in the notes to the financial statements.

The Board of Directors establish internal control in order to ensure that accounting data record is correct, complete and adequate for maintaining the Company's assets and perceiving some weaknesses in order to significantly prevent any abnormal operation. The Board also gives the opinion that, in overall, the Company's internal control is reliable.

The Audit Committee comprised of non-executive directors with accounting expertise, is assigned to review the financial reports and the disclosure of information in the Company's financial statements.

14. Committees

The Board of Directors has appointed the Audit Committee to review financial reports, internal control system and disclose information on related-transactions etc. The Audit Committee shall minimally have qualification on independence as defined by the Stock Exchange of Thailand. Qualifications, scope of responsibilities and duties of the Audit Committee can be seen in Audit Committee section.

15. Supervision over Operations of Subsidiaries and Associated Companies

The Company has operated the business and operations without any subsidiary and associated company.

16. Investor Relations

The Company pays much importance to the disclosure of both financial and general information in an accurate, complete, transparent and extensive manner which is also available by telephone at 0 2361 2727 and via the Company's website at www.thainakarin.co.th. It also has a policy to develop channel of the information disclosure continually.

No.	Name/Position	Age (Year)	Education	Shareholding in the Company (%)	Family Relationship	Work Experience
1.	Mr. Jatuporn Sihanatkathakul Chairman of the Board	78	<ul style="list-style-type: none"> Bachelor Degree in Commerce and Accountancy, Chulalongkorn University Honorary Doctorate in Tourism and Hotels, Dhurakij Pundit University 	11.97	<ul style="list-style-type: none"> Father of Mr. Thiti Sihanatkathakul and Mr. Pitipat Sihanatkathakul Uncle of Mr. Norathep Sihanartkatakul 	<ul style="list-style-type: none"> 2004- Present Chairman of the Board, Thainakarin Hospital Public Company Limited. 1999- Present President, Thai Tourist Industry Association 1993- Present Chairman of the Board, Landmark Overseas Development Company Limited. 1993- Present Director, Siam Overseas Development Company Limited. 1982- Present Managing Director, Siam Property Development Company Limited. 1989- 2004 Chairman of the Board, Thainakarin Hospital Company Limited
2.	Dr. Charoen Meensook Director and Chief Medical Officer	77	<ul style="list-style-type: none"> M.D. 1967 Diplomate American Board of Internal Medicine & Subspecialty Board of Gastroenterology 1968- 1973 New York State Board 1974 DTM & H (Liverpool) 1974 FACG 1975 FACP 1986 Director Accreditation Program (DAP) 2005, Thai Institute of Directors (IOD) 	1.39	-	<ul style="list-style-type: none"> 2004- Present Director, Thainakarin Hospital Public Company Limited. 2011- Present Chief Medical Officer, Thainakarin Hospital Public Company Limited. 1993- Present Specialist doctor and consultant specialized in internal medicine and gastroenterology, Thainakarin Hospital Public Company Limited. 1989- 2010 Director and Medical Director, Thainakarin Hospital Public Company Limited. 1989- 2004 Director, Thainakarin Hospital Company Limited
3.	Hon. Clinical Prof. Chaiporn Bhadrakom Medical Director and Chief Operating Officer	75	<ul style="list-style-type: none"> Doctor of Medicine, Faculty of Medicine Siriraj Hospital, Mahidol University Diplomate in Obstetrics and Gynecology 	-	-	<ul style="list-style-type: none"> 2014- Present Medical Director, Thainakarin Hospital Public Company Limited. 2007- Present Chief Operating Officer, Thainakarin Hospital Public Company Limited. 2004- Present Advisor, Faculty of Medicine Siriraj Hospital, Mahidol University 1997- 2004 Head of Department of Obstetrics and Gynecology, Faculty of Medicine Siriraj Hospital, Mahidol University 1995- 2000 Main Collaborator CDC USA Head of STD, Faculty of Medicine Siriraj Hospital, Mahidol University

No.	Name/Position	Age (Year)	Education	Shareholding in the Company (%)	Family Relationship	Work Experience
4.	Dr. Virachai Phungrasamee Deputy Medical Director	69	<ul style="list-style-type: none"> • Doctor of Medicine, Faculty of Medicine Siriraj Hospital, Mahidol University • Board of Obstetrics and Gynecology, Faculty of Medicine Siriraj Hospital, Mahidol University 	-	-	<ul style="list-style-type: none"> • Deputy Medical Director, Thainakarin Hospital Public Company Limited. • Obstetrician, Thainakarin Hospital Public Company Limited. • Head of Ob-Gyn Department, Thainakarin Hospital Public Company Limited. • Obstetrician, Hua Chiew Hospital • Obstetrician, Kluay Nam Thai Hospital • Obstetrician, Mahesak Hospital
5.	Mrs. Nampetch Saraggananda Deputy Medical Director (Nursing)	58	<ul style="list-style-type: none"> • B.Sc. in Nursing, Police Nursing College • Mini MBA, Chulalongkorn University • Master of Public Administration (General Administration), Burapha University • Nursing Administration, Chulalongkorn University • Private Hospital Administration, Private Hospital Association 	-	-	<ul style="list-style-type: none"> • Deputy Medical Director (Nursing) Thainakarin Hospital Public Company Limited. • Deputy Nurse Director, Thainakarin Hospital Public Company Limited. • Head of Inpatient Service Unit, Thainakarin Hospital Public Company Limited. • Head of Delivery Room Unit, Thainakarin Hospital Public Company Limited. • Ob-Gyn OPD Nurse, Police General Hospital • Ob-Gyn Ward Nurse, Police General Hospital • Delivery Room Nurse, Police General Hospital
6.	Mrs. Chadarat Siriwat Deputy Chief Operating Officer	58	<ul style="list-style-type: none"> • Bachelor of Public Health, Sukhothai Thammathirat Open University 	-	-	<ul style="list-style-type: none"> • Deputy Chief Operating Officer, Thainakarin Hospital Public Company Limited. • Director - Nursing Unit, Thainakarin Hospital Public Company Limited. • Acting Director - Nursing Unit, Thainakarin Hospital Public Company Limited. • Assistant Director of Nursing, Thainakarin Hospital Public Company Limited • Inpatient Department, Mission Hospital

No.	Name/Position	Age (Year)	Education	Shareholding in the Company (%)	Family Relationship	Work Experience
7.	Dr. Bancherd Balamongkhon Deputy Chief Operating Officer (Quality Management)	47	• Doctor of Medicine (M.D.), Faculty of Medicine, Chulalongkorn University	-	-	<ul style="list-style-type: none"> • Deputy Chief Operating Officer (Quality Management), Thainakarin Hospital Public Company Limited. • Intensivist, Thainakarin Hospital Public Company Limited. • Head Intensivist, Huachiew Hospital • Anesthesiologist
8.	Mrs. Malee Bunleechai Senior Deputy Administrative Director - Corporate Support and Deputy Administrative Director - Business Development	56	<ul style="list-style-type: none"> • Bachelor of Economics, The Faculty of Economics, Chiangmai University • Mini MBA, Thammasat University • Mini MBA, Chulalongkorn University • Private Hospital Administration, Private Hospital Association 	-	-	<ul style="list-style-type: none"> • Deputy Administrative Director - Business Development Thainakarin Hospital Public Company Limited. • Senior Deputy Administrative Director - Corporate Support, Thainakarin Hospital Public Company Limited. • Deputy Administrative Director, Thainakarin Hospital Public Company Limited. • Acting Deputy Administrative Director - Corporate Support, Thainakarin Hospital Public Company Limited. • Assistant Administrative Director, Thainakarin Hospital Public Company Limited. • Manager - Office of Administrative Directors, Thainakarin Hospital Company Limited • Manager, Procurement Department, Thainakarin Hospital Company Limited
9.	Mrs. Daranee Dhubkaen Deputy Administrative Director - Finance and Accounting and Company Secretary	61	<ul style="list-style-type: none"> • Bachelor of Accountancy, Chulalongkorn University • Master of Economic Development (Economics and Project Analysis and Evaluation), National Institute of Development Administration • Private Hospital Administration, Private Hospital Association • Strategic CFO in Capital Market Program (2018), The Stock Exchange of Thailand 	-	-	<ul style="list-style-type: none"> • Company Secretary, Thainakarin Hospital Public Company Limited. • Deputy Administrative Director - Finance and Accounting, Thainakarin Hospital Public Company Limited. • Assistant Administrative Director - Finance and Accounting, Thainakarin Hospital Public Company Limited. • Director - Central Administration Department, Kasemrad Bangkok Hospital, Bangkok Chain Hospital Public Company Limited. • Manager - Financial and Accounting, Chaophya Hospital Company Limited. • Accountant Officer, Bangkok Investment Company Limited. • Computer System Analyst, Bangkok Investment Company Limited.

No.	Name/Position	Age (Year)	Education	Shareholding in the Company (%)	Family Relationship	Work Experience
10.	Mr. Pongsak Techasatirakul Assistant Medical Director - Medical Support	56	<ul style="list-style-type: none"> Bachelor of Science Program in Medical Technology, Chulalongkorn University Mini MBA Certificate, Chulalongkorn University Certificate of Training: Auditor of Clinical Laboratory quality assurance under the Thailand Medical Technology Council Certificate of Training: Auditor of Internal Survey under The Thailand Medical Technology Council 	-	-	<ul style="list-style-type: none"> 2016- Present Thainakarin Hospital Public Company Limited. 2014- 2016 Allied Health Sciences Manager, Thainakarin Hospital Public Company Limited. 1993- 2014 Clinical Laboratory Manager, Thainakarin Hospital Public Company Limited. 1989- 1993 Medical Technology Staff, Phayathai I Hospital 1988- 1989 Researcher Faculty of Tropical Medicine, Mahidol University
11.	Ms. Suranchana Tanpleeratana Assistant Administrative Director - Front Service	46	<ul style="list-style-type: none"> Bachelor of science (Physiotherapy), Mahidol University Mini MBA, Chulalongkorn University Master of Business Administration, Burapa University 	-	-	<ul style="list-style-type: none"> 2017- Present Assistant Administrative Director Front Service, Thainakarin Hospital Public Company Limited. 2016 Allied Medical Manager, Thainakarin Hospital Public Company Limited. 2013- 2016 Human Resource Development Manager, Thainakarin Hospital Public Company Limited. 1999- 2013 Physiotherapy Department Manager, Thainakarin Hospital Public Company Limited.



Corporate Social Responsibility: CSR

Throughout 25 years in business, Thainakarin Hospital Public Company Limited. has provided quality and high-standard medical care under the vision of “**world-class quality in healthcare, warm hospitality that treats everyone like family, affordable price, effective and transparent management and positive attitude staff;**” alongside the code of professional ethics. The Management always holds that hospital business is not about profit-making only, but also the commitment to give best care for the health and quality of life of people, communities, the society and the environment. It is the Company’s firm belief that corporate social responsibility contributes to sustainable and robust business growth.

In this regard, the 5 core missions are set forth as follows:

1. To develop personnel competency, satisfaction and pride in the hospital;
2. To elevate the health care quality to the world-class standard;
3. To progressively proceed with continuous and sustainable development of the hospital;
4. To achieve the best hospitality with a warm and family-like treatment that creates lasting impressions;
5. To manage in accordance with the principles of good governance.

The Company has pursued the core missions through numerous projects and activities to attain business stability. The Hospital has also devised good corporate governance principles and provision of quality services in order to uplift quality of life and the society whilst helping preserve and restore the environment.

Thainakarin Hospital’s CSR scheme is carried out on the following basis:

1. Fair business conduct

The Company adheres to fair business conduct based on ethical principles, transparency, honesty and accountability, in tandem with avoidance of monopoly and piracy. Practices include:

- Giving all vendors equal opportunity to tender in order to prohibit monopoly and price discrimination.
- Comparing prices of products and services in order to promote transparency in procurement and to reduce operating costs, resulting in reasonable prices for customers.
- Set out rules and procedures for procurement in order to uphold business ethics, to refrain from soliciting and offering any benefits, and to protect interests in collaboration with suppliers and creditors.

Non-infringement of Intellectual Property Rights

The Company seeks to purchase copyrighted computer software, images, fonts including any other intellectual property rights for legitimate use by the organization. It has prohibited all directors, executives and staff from reproducing, modifying, altering or executing any other acts which are an infringement of copyrights or rights in the aforementioned intellectual properties, and imposed penalties on persons infringing intellectual property rights according to Thainakarin Hospital's Information Security Policy to ensure fairness to the intellectual property right owners.

The Company sets guidelines on non-infringement of intellectual properties as follows:

1. The Company requires that all directors, executives and staff respect intellectual property rights of other persons. It shall seek prior permission of the legal owners of such intellectual properties.
2. The Company does not support the use of any works characterized as infringement of other persons' intellectual properties, whether in form of reproduction, modification, alteration, advertising, republication, exhibition or any other acts characterized as support of works that infringe other persons' intellectual properties.
3. The Company prohibits all directors, executives and staff from executing any acts characterized as infringement of other persons' intellectual properties, whether in form of reproduction, modification, alteration, advertising, republication or any acts characterized as infringement of the owners' of intellectual property rights.

2. Respect for human rights

Appreciating that human rights are the basic rights inherent to all human beings, Thainakarin Hospital embraces respect for human rights under the following practices:

2.1 Overall process of services rendered to patients and customers

Thainakarin Hospital recognizes its duty as a medical care service provider with a responsibility to respect the customers' rights. For this reason, staffs of all units have been inculcated with full regard for patients' rights according to the new Declaration of Patients' Rights issued and certified by 6 professional federations on 12th August 2015, namely.

Patients Rights

1. All patients have the fundamental right to receive healthcare services as specified under the Constitution.
2. Patients seeking healthcare services have the right to receive accurate and sufficient information from healthcare providers, in words the patients can easily understand, about the illness, medical examination, treatment, advantages and disadvantages of such examination and treatment so that they can make a well-informed decision on whether to consent to or refuse treatment from healthcare providers, except in case of life-threatening emergency.
3. Patients in life-threatening conditions have the right to receive immediate attention from healthcare providers as necessary, whether or not the patients requested so.

4. Patients have the right to know names, surnames and professional status of the healthcare providers delivering services to them.
5. Patients have the right to seek a second opinion from other healthcare providers and to request for the change of healthcare service provider and establishment.
6. Patients have the right to receive from healthcare providers the strict protection of their personal information, except upon the patients' consent or by legal requirements.
7. Patients have the right to receive complete information for making decision to participate in or withdraw from an experimental research conducted by healthcare providers.
8. Patients have the right to receive information, upon request, about their own treatments as appeared in the medical records, provided that such information does not violate personal rights of a third party.
9. For patients under the age of 18 or with physical or mental impairment who are unable to exercise their rights, their father, mother or legal representatives may exercise such rights on their behalf.

Patients' Duties

1. Inquire to gain an understanding of all information and possible risks before placing their signature to consent to or refuse medical diagnosis or treatment.
2. Provide accurate and complete facts and information regarding their health to healthcare providers in the course of treatment.
3. Cooperate with and follow treatment-related advice of healthcare providers, and notify the healthcare providers in case they are unable to follow such advice.
4. Cooperate and comply with hospital rules and regulations, as well as the Declaration of Patients' Rights and Duties.
5. Treat healthcare providers, other patients as well as visitors with respect and politeness, and avoid causing disturbance to others.
6. Inform relevant personnel of the Hospital about their healthcare rights along with documents thereof.
7. Patients should acknowledge medical facts and information as follows:-
 - 7.1 Healthcare providers who work according to professional standards and ethics are duly protected by laws and entitled to protection against unjust accusations.
 - 7.2 "Medical practice" is hereby defined as modern medical practice that has been scientifically proven by the body of knowledge at that time to be of benefit rather than harm to the patients.
 - 7.3 Medical practice is unable to diagnose, prevent or cure every disease or condition.
 - 7.4 Every type of medical treatment carries possible risks of undesirable effects. Apart from that, inevitable events can occur even when healthcare providers have exerted sufficient care under conditions and circumstances of such medical treatment.

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- 7.5 Examination for the purpose of screening, diagnosis and follow-up may have varying results due to limitations of technology and other uncontrollable factors beyond operating standards.
 - 7.6 Healthcare providers have the right to exercise their discretion to select treatment process according to medical principles, their capabilities and limitations, as well as the given conditions and circumstances, and to provide consultations and transfers for the patients' rights and benefits in general.
 - 7.7 For the interest of patients, healthcare providers may give advice or suggest transfers in order that the patients receive proper treatment, provided that such patients are not in emergency and life-threatening conditions.
 - 7.8 Patients' concealment of their health-related information and medical facts from healthcare providers may adversely affect medical treatment process.
 - 7.9 Hospital emergency rooms are for patients under emergency and life-threatening conditions.

With respect to this, Thainakarin Hospital has posted up the Declaration of Patients' Rights in all services areas for customers' acknowledgement, promoted ethical conducts of service providers, and focused on active fulfillment of customer needs.

2.2 Information

All data in medical records is a kind of health information. Thainakarin Hospital has set a clear policy on privacy and confidentiality of patients. A good medical record management system is implemented across the whole process, with chief concern for fundamental rights and best interests of the patients. Medical records of the Hospital can be divided as follows:

1. Paper-based medical record: Information is kept in document form and into medical record files. The Medical Record Development Committee has a responsibility to set pertinent formats and processes, including preparation of new patients' medical records, and determination of information necessary for providing medical care. Important data shall be compiled by personnel in related units, e.g. basic information, benefit-related information by registration officer, patient care information by nurses, diagnostic and treatment information by physicians, etc.
2. Electronic medical record: Relevant data is recorded into the system by all service-providing personnel according to their respective access authorizations and duties. The Medical Record Development Committee, the Information Committee and other related parties are responsible for defining such authorizations, duties as well as information useful for arranging services compliant with recognized standards, such as Hospital Accreditation (HA), ISO 9001, JCI, etc.

All data, in whatever format, is known to be crucial and clear guidelines must be established regarding access authority to each medical record. Thainakarin Hospital staffs of all levels have acknowledged policy and complied persistently.

To develop the healthcare services, the key element of business relies partly on systematic utilization of intra-organizational information in support of management and operations. For example, healthcare information is presented via electronic channels, e.g. mobile application, with the aim of generating maximum benefits for service users. Statistical data can be utilized by working units as a tool for efficient internal management, where the Business Intelligence (BI) system is developed for use in data analysis to boost organizational development efficiency. In addition to security system improvement and a clear policy on confidentiality and security of service users' data, the Hospital is pursuing development of more systems, namely call center system, online appointment system, etc.

Corporate Social and Environmental Responsibility in Medical Record Execution and Management

The Medical Record Development Committee and multidisciplinary units have jointly formulated a policy on the Company's medical record management system, taking into account the rights of patients, the communications of information to health service colleagues, as well as the creation of a medical record keeping culture. The use of information for medical treatment purpose shall cover the provision of important information for medical treatment to other hospitals in compliance with acceptable standards of practices, namely Hospital Accreditation (HA), and with reference to international standards, such as Joint Commission International (JCI), the National Safety and Quality Health Service Standards (NSQHS), etc.

Social Responsibility: High priority is given to the consideration of the rights of patients and related persons in the medical record information. Examining physicians and service staff shall record all important factual information, access to which is granted only to the permitted requestors, authorized representatives and approving persons. Duplication of the approved medical history record must be in accordance with the specified procedures in order to safeguard the confidentiality and safety of patients' information according to the Declaration of Patients' Rights and Patients' Duties.

Environmental Responsibility: Medical record documentation and files involve the use of a large quantity of paper. The Company has established guidelines for destruction of medical records of patients having lost contact for over 5 consecutive years. The patients' record documents shall be shredded to prevent the patients' information from being exploited, and then be recycled for useful purposes. Accordingly, the Company takes part in helping the environment and indirectly contributes to less cutting down of trees for paper making.

2.3. Personnel

The Company puts emphasis on developing and managing personnel to have good consciousness towards society as well as to have knowledge, skills, specialization, and service mind, as well as strives to build social benefits via society by holding some trainings for providing knowledge as well as some projects or activities for society, for example, energy efficiency training course, safety, occupational health, and environmental training course, Infectious Diseases Prevention and Control, Basic Life Support, etc. In addition, the company also holds some activities to provide social benefits without seeking for any profit. For example, providing some personnel to look after elderly, granting some awards to personnel making benefits to customers and general people, etc.

The Company still recognizes the importance of occupational safety for staff, which shall be supervised by the Occupational Health and Environment Committee (ENV) regularly. Work-related injuries shall be analyzed to subsequently review and improve preventive work procedures. Additionally, the ENV Committee and the Human Resources Division have required the Company's personnel to attend, on an annual basis, fire prevention and extinguishing drills, fire evacuation drills, and earthquake evacuation drills for the safety of themselves and the patients.

3. Anti-Corruption

The Company seeks to promote the significance and awareness of anti-corruption among employees of all levels, as well as taking internal control measures against corruption and bribery-related conducts of all forms.

Under the Company's business philosophy, all its business associates must act in a forthright, honest, accountable and non-corrupt manner in compliance with relevant laws and corporate anti-corruption policy, without bringing disgrace on or undermining the Company's reputation. Pertinent practices are adopted as follows:

- 3.1 Never commit corruption and be cautious in the course of high-risk operations;
- 3.2 Never disregard or ignore any acts of corruption related to the Company when witnessing one, must report the case to the supervisor or responsible person, and cooperate in the fact-finding investigation as well.
- 3.3 Giving or accepting of financial donations and sponsorships must be carried out with transparency in accordance with the Company's regulations and governing laws. It must be ensured that such donations or sponsorships are not used for bribery.
- 3.4 Be duly careful when conducting business transactions with any persons, juristic persons or organizations suspected of corruption.

4. Fair Labor Practices

The Company respects and obeys the law and code of ethics in treating every employees equally without any discrimination. Pertinent practices are as follows:

- Recruitment system is implemented with respect for human rights and in line with fair labor practices, free from discrimination, partiality, exclusion, employment bias and engagement of child labor. The Hospital has opened job opportunities for nearby communities and coordinated with the District Office on job creation for people in the communities.
- Payroll system, disciplinary procedure, and protection of pregnant employees are carried out on a legal, fair and equitable basis.
- Employment of the disabled demonstrates respect for human rights and promotion of career progress and security for disabled people. The Company has therefore given career support to persons with disabilities and employed them for positions suitable to their physical and mental conditions, such as telephone operators and officers at various units.
- The Company provides job security to its personnel through the long-term employment policy.

5. Responsibilities towards Consumers

In dedication to its slogan of “Thainakarín...The Hospital you can trust,” the Company also gives particular attention to service quality under the following principles:

- Convenient, fast, precise and accurate medical care services shall be provided for everyone.
- Executives shall inspect operations of service units on a daily basis.
- User satisfaction survey shall be conducted to enhance and develop service quality.
- Customer care/complaint unit and system shall be put in place to take corrective actions and improve service quality in every dimension.
- Foreign officers shall be arranged for foreign customers to ensure correct and complete communication and treatment.
- Appointment reminder system is provided to enable continuous treatment for patients and follow-up for treatment evaluation.
- Providing standard ambulances for supporting emergency patients with diseases on cardiovascular system and nervous system.
- Proactive security unit management is arranged to ensure full efficiency in assisting service users, i.e. parking spaces for the disabled, transport services to-from distant parking area, interdepartmental coordination on patient transfer and porter services, inspection of fire extinguishing equipment in all units on the 30th of every month, monthly drill on how to operate fire extinguisher equipment, hospital-wide security system entailing CCTVs throughout the Hospital premises in tandem with 24-hour security guards stationed both inside and outside the buildings including deserted spots to ensure the safety for the lives and possessions of all service users and staff. The Hospital has also encouraged capacity enhancement for security guards and also coordinated with Bangna Police Station on counter-sabotage measures.

6. Occupational Safety, Health and Environment

The Company is committed to act responsibly toward the environment, safety and the society, thereby facilitating the safety and wellbeing of its staff, patients and visitors. This commitment has been adopted as policy and annual action plan under the supervision of the Hospital's Occupational Safety, Health and Environmental Committee, comprised of management-level representatives and employees as representatives of operating-level staff. The organization's physical, environmental and safety structures are managed in accordance with the Hospital and Healthcare Services Standards (No 4) of The Healthcare Accreditation Institute (Public Organization), BMA Office of Disaster Prevention and Mitigation's standards for mega high-rise buildings, and those of other agencies etc. These standards provide frameworks for planning, supervision and control. Meanwhile, pertinent information and indicators are used in analyzing and identifying causes in order to consistently take preventive and corrective actions on major physical, environmental and safety structures.

Number of accidents classified by nature and gravity, during August 2018 - July 2019

Nature of Accident	Number of Employees Exposed to Danger, and Gravity (Person)					
	Death	Disability	Leave, over 3 days	Leave, 3 days or less	No Leave	Total
Injury: sharp force/puncture wound	0	0	0	1	6	7
Injury: vehicle accident	0	0	0	0	2	2
Injury: slip/trip/fall	0	0	0	1	0	1
Injury: burn/scald	0	0	0	0	0	0
Injury: electric shock	0	0	0	0	0	0
Injury: crash/collision with object	0	0	0	0	1	1
Injury: exposure to chemical substance	0	0	0	0	1	1
Injury: other causes	0	0	0	1	2	3

Monitoring of Performance

6.1. Physical environment and safety

- Building inspection is performed by internal units and external experts certified by the Public Works Department on an annual basis, with due structural improvement in compliance with the Building Control Act B.E. 2522 and other relevant laws in order to affirm and ensure service users and staff of solid and safe building structures.
- Relevant measurement are conducted in accordance with the Occupational Safety, Health and Environment Act, B.E. 2559 with reference to the Ministerial Regulations on standards for management and execution of occupational safety, health and environment for work involving heat, light and sound.
- Policy on Prevention and Solution to Drugs Problems in an Establishment, the Company participates in White Workplace Project of the Department of Labor Protection and Welfare, Bangkok. The Company won White Workplace Award for consecutive 2 years, namely, 2015 and 2016 whereas in the years 2560 - 2563 was certified to renew the second round.

6.2. Hazardous Materials and Waste

- Manual for storage and disposal of hazardous materials, such as blades and needles handling. Training programs on infection prevention and control as well as waste sorting are constantly arranged for personnel related to patient care and housekeeping.
- Manual for protection against chemical substances such as chemical inventory, together with practice guidelines for prevention and management against risk from chemical exposure at work.

6.3. Emergency and Fire

- Fire extinguishing system and equipment are inspected 30th of every month and a full-scale inspection shall be conducted once every 6 months in accordance with the Ministerial Regulation Prescribing Standards for Administration, Management and Execution of Occupational Safety, Health and Environment in Relation to Fire Prevention and Control.
- Annual fire evacuation drill is conducted once a year. In addition, basic fire extinguishing drills are arranged for high-risk working units, such as Nutrition Department, cafeteria, etc. so that the staff gain knowledge, understanding and awareness of fire hazard and can respond according to the Fire Prevention and Extinguishing Plan in the event of fire incident. Any flaws detected during the drills shall be used for developing a more efficient fire prevention and extinguishing system.
- Contingency plan against brawl incident in the Hospital's premises and surrounding communities.

6.4. Utility System

- Guidelines for proper use of utility systems in line with energy efficiency plan, provided that such practices do not affect good quality of services.

6.5. Health Promotion

- Thainakarin Hospital has placed emphasis on health promotion to bring about physical and mental healthiness of its staff, by giving its staff full healthcare support i.e. annual health checkup, medical program, vaccinations, sports groups, aerobics, including personal protection equipment at work and also bring Medical Examination of personnel to analyze to find a way to prevent diseases for vulnerable groups.

6.6. Environment Protection

- Wastewater treatment system has put in place by Sequence Batch Reactor (SBR).
- The new chiller system with environmentally-friendly refrigerant is used.
- Awareness is raised throughout the Hospital about waste reduction, focusing on reuse and efficient use of resources with a sense of eco-friendliness.
- Create proper discipline and campaign on trashes disposal.

7. Innovation and Diffusion of Innovation obtained from CSR Operations for Society, Environment, and Stakeholders

None.

8. Community and Social Development

Recognizing its responsibility to communities, the society and environment, Thainakarin Hospital has organized health-promoting activities to acquaint people in nearby communities with public health knowledge useful for developing their life quality and keeping their family members in physical healthiness and safe from illnesses.

In 2019, the Hospital organized a field trip to provide basic health examination services to residents in surrounding communities, e.g. Windmill Village, Britania Srinakarin Village, Ideo Blucove Sukhumvit 103 Project, etc. The checkup included blood pressure check, blood sugar test, body composition analysis, along with CPR demonstration by registered nurses so that people in these communities acquire emergency life-saving skills.

Furthermore, a project on “Healthy Hygiene in School” was initiated for kids at Pranee Kindergarten and Pranee Nursery Sukhumvit 103. Professional nurses had taught the children the correct ways of hand washing and tooth brushing, thus instilling in them hygiene habits for good health in order to guard off diseases, prevent illnesses and lessen school absence.

Care for Counterparty Customers

The Hospital and its counterparty companies jointly arranged field activities under the “Safety Day” project to offer basic health checkup, e.g. blood pressure check, fingerstick test, bone density test and demonstrations of exercises for office syndrome by physical therapists, etc. Specialist physicians were also invited to give lectures on NCDs.

Care for Insurance Brokerage Customers

The Hospital has organized the “Health Checkup for Insurance Brokers” project to provide attending brokers with preliminary examination, such as blood pressure check, fingerstick test for blood sugar, body composition analysis, bone density test, including advice on healthcare by professional nurses and staff. These insurance brokers are persons who constantly encourage and recommend their clients to use the Hospital services.



Internal Control and Risk Management

In effort to prevent potential damages to the business, the Company focuses on establishing internal control systems that cover financial activities, operating activities, risk management and supervision at both management and operational levels, thus enabling it to accomplish goals in resource optimization, asset protection, and error, leakage and loss reduction. The control responsibilities for approval, transaction recording and asset custody are segregated in order to secure proper checks and balances. Besides, the Company has put in place internal financial audits, accompanied by periodic monitoring by executives in charge, to ensure that its financial reporting system is accurate and reliable in compliance with relevant regulations and laws.

In 2019, the Board and the Audit Committee has jointly assessed the adequacy of the Company's internal control system in 6 interrelated aspects as follows:

1. Organization and Control Environment

The Company has an appropriate organizational structure, with a clear scope of authorities, duties and responsibilities. It has adopted a policy to inculcate a positive corporate culture where employees at all levels perform their duties with accountability, utmost ability and conformity to internal control system. All employees are well aware of their roles, authorities, duties and responsibilities, and also strictly comply with corporate policies and procedures. The adequacy of internal control including actual operations are reviewed and reported regularly to ensure policy compliance.

2. Risk Management

The Company has established the Risk Management Committee, with the Medical Director being the Chairman by position. The Committee is in charge of setting policies in relation to risks and safety, laying strategic plan in enterprise risk management, putting in place the risk management system that incorporates risk detection, risk reporting, enterprise risk analysis, continual improvement, preventive measures and contingency plan against potential risks and undesirable incidents in healthcare services. The system shall also promote well-organized risk information management system, safety culture, consistent and efficient risk management practices at enterprise, the Board and working unit levels, together with constant monitoring and assessment of risks in accordance with the standards of The Healthcare Accreditation Institute (Public Organization).

3. Management Control

The Company has clearly set out scopes of authorities and duties, approval authority limits of the Management, and regulations and procedures on conflict of interest of directors and senior executives. Pertinent actions by the Management shall be reported to the Board and included as a regular agenda item of the Board meeting on a tri-monthly basis

The Company has rationally laid down its internal control system that ensure that payments and receipts of money are properly approved by the executives and the Board. The internal control system is developed in consistent with the anti-corruption measures and appropriate to corruption risks of the Company.

The internal control encompasses policy and procedures to ensure that the guidelines laid by the Board and the executives are implemented into practice and in accordance with the corporate governance policy of the Company. Widely popular, internal control is a process executed by the Board, executives or other personnel in order to provide reasonable confidence regarding business efficiency, reliability of financial reports and compliance with the laws and regulations. Meanwhile, auditing is a process to review the reliability of internal control system, documents and performance in order to assure the executives, investors and other stakeholders of said matters. The auditing is carried out jointly by the internal auditors and the external auditors.

4. Information and Communication Systems

The Company has developed, in accordance with internal standards of data security, an information system with appropriate control of data and system access, as well as an action plan on protection of information, especially that of customers and employees. The system encompasses such aspects as e-Medical record, human resources management, intra-network and data backup for various processes, in order to enable a stable course of information system risk management.

The Company seeks to enhance its information service system, such as better internet speed to efficiently meet the need of ever-increasing users and higher data transfer. In addition, the Company has improved its print-out system, which does not only boost service efficiency but also results in cost efficiency.

Overall, the Company's information and communication systems are in an ongoing phase of continuous development, so that the executives and committees can utilize such information most efficiently and effectively.

5. Monitoring System

The Company holds meetings to follow up operating performance, risks and key performance indicators on a regular basis. In addition, the Company has implemented risk managing process and analyzed for causes of performance gaps in order to take corrective actions, as per the opinion of the Audit Committee disclosed in the Audit Committee's Report for 2019.

In addition, the Company has established a system of monitoring and reviewing operational manuals to be in line with all risks across-the-board.

6. Internal Audit

The Audit Committee appointed Miss Wiyadarat Sintharajiratha to hold the position of the Audit Manager for supervise and control the company's operation whereas Miss Wiyadarat Sintharajiratha graduated in Bachelor of Accountancy from Ramkhamhaeng University and Mini MBA from Chulalongkorn University. She has every held the position of Accounting Manager of Thainakarin Hospital PLC and has had some experiences on internal audit of hospital business over than 20 years. Since she has understanding on the company's business and operation, the Audit Committee agrees that the Audit Manager is appropriate to perform such duty. Consideration and approval on appointment and transfer of the Audit Manager must be approved by the Audit Committee.



Related-party Transactions

In 2019 and as of 31 July 2019, the Company had related-party transactions and outstanding balances with persons of possible conflict of interest as shown in the financial statements and note No.6 to the financial statements.

Necessity and Reasonableness

Related-party transactions are executed based on necessity and reasonableness for the best interest of the Company in line with its normal business practice and fair price basis. The Audit Committee has already given opinions on these related-party transactions in the preceding section.

Measures and Procedures for Related-party Transaction

The Company has strictly complied with the Securities and Exchange Act B.E. 2535, the Stock Exchange of Thailand's regulations, notifications and requirements, and the Public Limited Companies Act B.E. 2535. Directors or persons who have interest in a transaction or may have conflict of interest with the Company shall have no right to approve such transaction, unless otherwise allowed the Public Limited Companies Act B.E. 2535, notifications or requirements, or the Public Limited Companies Act B.E. 2535. Principles regarding execution of related-party transactions as well as acquisition and disposal of the Company's assets have clearly been stipulated in its Articles of Association.

Policy or Trend of Future Related-party Transactions

The Company has laid a policy on future related-party transactions, where the Board shall take into consideration the necessity and reasonableness of transactions along with the Company's best interest in terms of prices and normal business conditions. The Audit Committee is responsible for giving opinions on the necessity and reasonableness of the related-party transactions and compliance with normal business practice, based on comparison with prices on an arm's length basis. As a policy, such related-party transactions as borrowings from persons with possible conflict of interest shall be executed only when the Company is in financial need yet there are no other sources of fund that offer better terms or interest rates closer to market rates than its related persons.

However, it is expected that some of the current related-party transactions shall be carried on for some time in the future since they are beneficial to the Company. Such transactions include guarantees by Mr. Jatuporn Sihanatkathakul for the Company's overdraft facilities and issuance of promissory as mandated by counterparty banks, and electricity payment bonds.

Measures on Investor Protection

In relation to related-party transactions and acquisition/disposal of assets, the Company has set in its Articles of Association clear regulations prohibiting directors or persons who have interest or may have any conflict of interest in a transaction from voting and approval of such transaction, which is in compliance with the Stock Exchange of Thailand's regulations, notifications or requirements and governing laws. Additionally, the Audit Committee is assigned to give opinions on the necessity and reasonableness of the related-party transactions. Pertinent information shall be disclosed in accordance with the Stock Exchange of Thailand's regulations, and also be included in the Company's financial statements and annual reports.

In the event that the Audit Committee has no expertise in reviewing a future related-party transaction, the Company shall seek opinions thereon from independent experts or the Company's auditors to support decision-making of the Board of Directors or the shareholders, as the case may be.

Related-party transaction report for 31 July 2019 and 2018

Related party and relationship	Transaction	Transaction Value (MB)		Necessity and Reasonableness
		2019	2018	
1. Doctors being directors and executives	Doctor's fees: are paid to directors and executives of the Company	11.59	11.62	The transactions are necessary and reasonable because the directors and executives being doctors are entitled to receive doctor's fees at the rates comparable to other doctors working for the hospital.
	Accrued doctor's fee expenses as of 31 July	0.95	1.02	
2. Siam Property Development Company Limited	Medical fee income: The transactions are in the normal course of the Company's business and charged at the rates applicable to general customers.	0.05	0.03	The transactions are necessary and reasonable. They are considered normal trade transactions and charged the rates applicable to general customers.
	Medical fee receivables as of 31 July	0.00	0.01	
3. Thep Pongpat Company Limited	Rental fee income: Rental income is from a food court open to visitors for their convenience and to employees as welfare benefits. Rental agreements are fairly priced and based on standard conditions.	0.30	0.30	The transactions are necessary and reasonable. They are considered normal trade transactions.
	Other receivables as of 31 July	0.08	0.11	
4. Directors	Welfare expenses: According to the Company's The transactions are necessary regulations, medical benefits for directors and their spouse, children and parents are limited at Baht 800,000 per year per person and do not cover doctor's fees, lab tests and examination by other hospitals and special equipment.	4.25	3.39	The transactions are necessary and reasonable. They are considered normal trade transactions.



Report of the Audit Committee

Dear The Company's Board
Thainakarin Hospital Public Company Limited

The Audit Committee is appointed by the Board of Directors and consists of 5 independent directors, namely Mr. Kraisaak Kadkum, the Chairman of the Audit Committee, with Dr. Pridi Hetrakul, Assoc. Prof. Dr. Chertsak Dhiraputra, Asst. Prof. Dr. Panya Issarawornrawanich, and Mr. Chailerk Wiriyaratanaporn serves as the Audit Committees whereas Mr. Attapong Tipaksorn acting secretary to the Audit Committee.

The Audit Committee has carefully and independently performed duties in accordance with the scope of roles and responsibilities approved by the Board of Directors and in accordance with applicable laws, rules of the Stock Exchange of Thailand and relevant instructions. The Audit Committee members have effectively harnessed knowledge and competencies in such duty performance and received full access to relevant information and good cooperation from executives, internal auditors and auditors. During the 2019 accounting period from 1 August 2018 to 31 July 2019, the Audit Committee held 5 meetings and executives, internal auditors and external auditors were invited to the meetings to provide relevant information as summarized below:

1. Review of quarterly financial statements and 2019 financial statements - The Audit Committee made inquiries and received clarification from executives and auditors regarding the accuracy and adequacy of financial statements and disclosure. The Audit Committee concurs with the auditor that the financial reports are materially accurate, reliable and in accordance with generally accepted accounting standards.
2. Review of internal audit - The Audit Committee has reviewed the scope of work, roles, responsibilities and independence of internal auditors based on the internal audit guidelines stipulated by the Stock Exchange of Thailand. The Audit Committee is of the opinion that the Company's internal controls are adequate, appropriate and effective, and meet good standards.
3. Review of performance and internal controls - The aim of the review is to assess the adequacy and effectiveness of internal controls which are necessary for the Company's goal achievement. The review is based on the reports on internal audits which have been carried out in accordance to approved audit plans and covered key systems of the Company.

No material issues are found. The Company has appropriately managed the properties and assets and complied with the Securities and Exchange Act, requirements stipulated by the Stock Exchange of Thailand and applicable laws and regulations. Authority delegation and approval have conformed to applicable procedures and effective internal control principles. The Company has also adhered to and updated the principles of good corporate governance to promote transparency and adapt to changes.

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4. Review and opinion on related-party transactions and conflicts of interest - Transactions of the Company are reasonable, transparent and beneficial to the Company. Relevant disclosure has been accurately and adequately made.
 5. Screening and nomination of auditors - The Audit Committee has reviewed and rendered opinions on the nomination of auditors to the Board of Directors which will be proposed to the shareholders' meeting for approval. The nominated auditors for 2020 are Miss Satida Ratananurak, CPA license number 4753 or Miss Wichart Lokatekrawee, CPA license number 4451 or Miss Siriwan Nitdamrong, CPA license number 5906 of EY Office Company Limited. The audit expense budget for the year ended 31 July 2020 includes the audit fee of Baht 1,220,000 and the out-of-pocket expenses within the limit of Baht 30,000 and the company must recruit other auditors for proposing to the General Meeting of Shareholders for considering and approving.

The Audit Committee has dutifully undertaken its responsibilities as assigned by the Board of Directors and is of the opinion that the Company's financial report and operations are correct. The Company has implemented internal controls and internal audits, complied with legal and regulatory requirements and correctly disclosed related-party transactions. In addition, the Company has adhered to the principles of good corporate governance to promote transparency and reliability as well as continuously developed its systems and operations to meet the quality standards and match the business environment.



Mr. Kraisak Kadkum
The Chairman of the Audit Committee
Thainakarin Hospital Public Company Limited



Scope of the Board of Directors' Responsibilities for Financial Reports

The Board of Directors gives priority to discharging its supervisory duties and responsibilities in accordance with the Company's Good Corporate Governance Policy. Financial reports and information disclosed in the 2019 Annual Report contain accurate, complete, adequate details, and are prepared in compliance with the generally-accepted accounting standards using appropriate accounting policies that are consistently applied based on prudent consideration. The Board has assigned the Audit Committee to review the Company's latest financial statements. Said financial reports have been reported to be carefully prepared in accordance with the generally-accepted accounting principles using appropriate accounting policies, and been assessed for the appropriateness of overall items presented in the statements, with adequate information disclosed in the notes to the financial statements. The Audit Committee's opinions regarding such matters are stated in the Company's Annual Report and also the Annual Registration Statement for the year 2019.

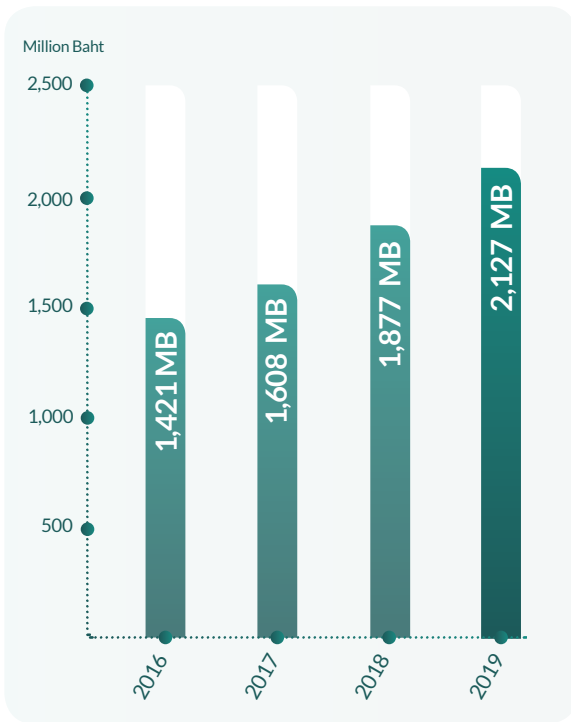
Additionally, the Board has set up an efficient and effective internal control system to ensure complete and accurate recording of accounting transactions, as well as an asset control system to prevent frauds or material damages.

In summary, the Board is of an opinion that the Company's overall internal control system is at a satisfactory level to establish reasonable confidence in the reliability of the Company's financial statements as of 31 July 2019. The external auditor has audited the aforementioned statements according to the generally-accepted auditing standards and viewed that the financial statements present fairly, in all material respects, the financial position and financial performance in accordance with generally-accepted accounting principles.

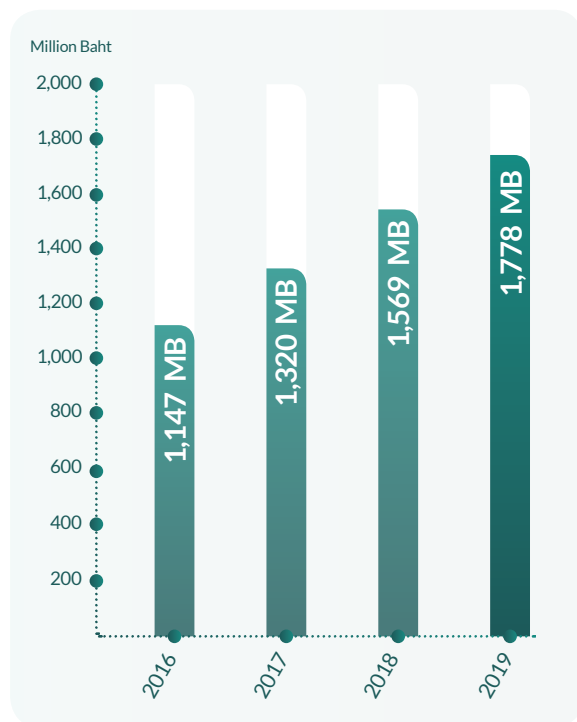
Mr. Jatuporn Sihanatkathakul
Chairman of the Board

Financial Highlights

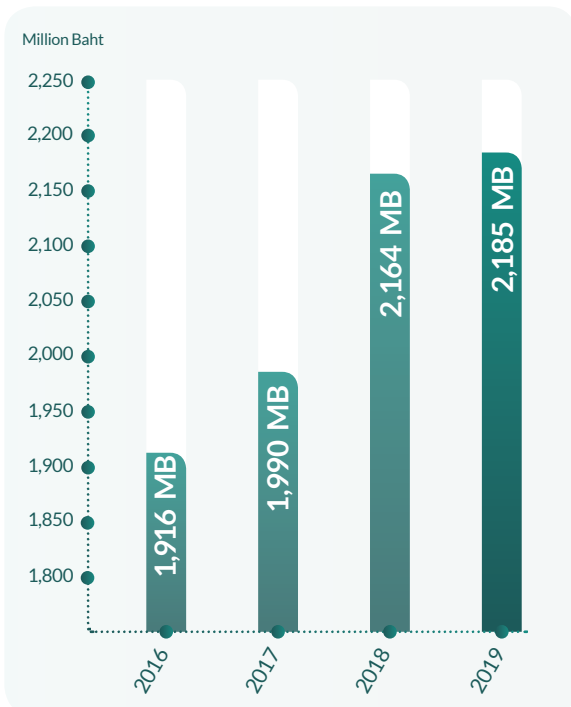
Total Assets



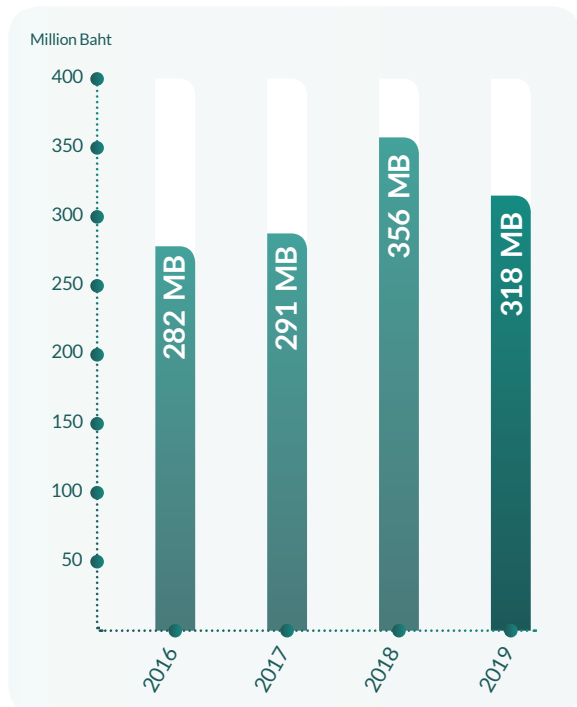
Total Shareholder's Equity



Total Revenues



Profit



Financial Highlights

Financial Performance (Million Baht)	2019	2018	2017
Total current assets	868.47	1,266.49	895.84
Total assets	2,126.99	1,877.30	1,607.57
Total current liabilities	267.40	248.51	232.75
Total liabilities	349.10	308.74	287.07
Total shareholders' equity	1,777.89	1,568.56	1,320.50
Total revenues	2,185.07	2,164.27	1,989.72
Profit for the year	317.53	356.06	290.59
Basic earnings per share (Bath)	1.76	1.98	1.61
Financial Ratios			
1. Liquidity Ratio (time)			
1.1 Current ratio	3.25	5.10	3.85
2. Efficiency Ratio (Day)			
2.1 Average Collection Period	22	21	20
2.2 Average Inventory Period	7	7	7
2.3 Average Payment Period	20	21	21
3. Profitability Ratio (%)			
3.1 Gross Profit Margin	26.66	28.60	26.46
3.2 EBITDA Margin	22.16	24.43	23.19
3.3 Net Profit Margin	14.53	16.45	14.60
3.4 Return on Assets	19.56	25.04	23.93
3.5 Return on Equity	18.98	24.65	23.55
4. Financial Policy Ratio (time)			
4.1 Total Liabilities to Equity	0.20	0.20	0.22
4.2 Interest Coverage	-	-	-
5. Other Financial Ratio			
5.1 Growth on Revenues from Hospital Operations (%)	0.97	9.46	3.35
5.2 Growth on Net Profit for the Year (%)	-10.82	22.53	3.03
5.3 Book Value per Share (Baht)	9.88	8.71	7.34



Independent Auditor's Report and Notes to Financial Statements

To the Shareholders of Thai Nakarin Hospital Public Company Limited

Opinion

I have audited the accompanying financial statements of Thai Nakarin Hospital Public Company Limited (“the Company”), which comprise the statement of financial position as at 31 July 2019, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Nakarin Hospital Public Company Limited as at 31 July 2019, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond to the matter are described below.

Revenue recognition

Revenues from hospital operations are considered significant in the financial statements as the amounts recorded are material, representing 99% of the total revenues and they directly affect the operating results of the Company. In addition, there are various components in revenues from hospital operations which include revenue from sales of medicines and medical supplies, revenue from medical services, revenue from patient rooms, including discounts for counterparties, whereas the agreements contain various conditions for each party. I therefore gave significant attention to the revenue recognition of the Company.

I examined the revenue recognition of the Company by assessing and testing the Company's IT system and its internal controls with respect to the revenue cycle by making enquires of responsible executives, gaining an understanding of the controls and selecting representative samples to the operation of the designed controls. In addition, I applied a sampling method to select revenue from hospital operation transactions occurring during the year to examine the supporting documents. I requested a balance confirmation from accounts receivable and tested revenue cut-off. I also performed analytical procedures of disaggregated data and significant financial ratios with the past information and industry to detect possible irregularities in revenues from sales and services throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

I am responsible for the audit resulting in this independent auditor's report.

S. Ratananurak

Satida Ratananurak
Certified Public Accountant (Thailand) No. 4753

EY Office Limited
Bangkok: 12 September 2019

Thai Nakarin Hospital Public Company Limited
Statement of financial position
As at 31 July 2019

(Unit: Baht)

	Note	31 July 2019	31 July 2018
Assets			
Current assets			
Cash and cash equivalents	7	267,719,290	384,701,576
Current investments	8	421,941,607	717,930,257
Trade and other receivables	6, 9	147,934,391	129,655,791
Inventories	10	27,826,572	31,179,848
Other current assets		3,052,699	3,024,665
Total current assets		868,474,559	1,266,492,137
Non-current assets			
Long-term deposits at financial institutions	11	100,000,000	100,000,000
Property, plant and equipment	12	484,917,651	492,135,634
Intangible assets	13	3,185,555	3,990,571
Leasehold rights	14	651,845,592	-
Deferred tax assets	19	18,449,707	14,529,149
Other non-current assets		118,229	148,010
Total non-current assets		1,258,516,734	610,803,364
Total assets		2,126,991,293	1,877,295,501

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

Thai Nakin Hospital Public Company Limited
Statement of financial position (continued)
As at 31 July 2019

(Unit: Baht)

	Note	31 July 2019	31 July 2018
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	15	155,635,862	144,899,767
Doctor fee payable	6	81,660,162	71,652,176
Income tax payable		29,020,934	31,019,401
Other current liabilities		1,083,424	933,792
Total current liabilities		267,400,382	248,505,136
Non-current liabilities			
Provision for long-term employee benefits	16	81,176,693	59,711,139
Other non-current liabilities		523,000	523,000
Total non-current liabilities		81,699,693	60,234,139
Total liabilities		349,100,075	308,739,275
Shareholders' equity			
Share capital			
Registered			
180,000,000 ordinary shares of Baht 1 each		180,000,000	180,000,000
Issued and fully paid-up			
180,000,000 ordinary shares of Baht 1 each		180,000,000	180,000,000
Share premium		20,537,768	20,537,768
Retained earnings			
Appropriated - statutory reserve	17	18,000,000	18,000,000
Unappropriated		1,559,353,450	1,350,018,458
Total shareholders' equity		1,777,891,218	1,568,556,226
Total liabilities and shareholders' equity		2,126,991,293	1,877,295,501

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

Thai Nakarin Hospital Public Company Limited
Statement of comprehensive income
For the year ended 31 July 2019

(Unit: Baht)

	Note	2019	2018
Profit and loss:			
Revenues			
Revenues from hospital operations		2,155,147,992	2,134,506,009
Other income		29,926,748	29,761,932
Total revenues		<u>2,185,074,740</u>	<u>2,164,267,941</u>
Expenses	18		
Cost of hospital operations		1,580,599,994	1,524,045,703
Administrative expenses		212,822,553	203,966,685
Total expenses		<u>1,793,422,547</u>	<u>1,728,012,388</u>
Profit before income tax expenses		391,652,193	436,255,553
Income tax expenses	19	(74,126,815)	(80,193,669)
Profit for the year		<u>317,525,378</u>	<u>356,061,884</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial loss	16	(237,982)	-
Less: Income tax effect	19	47,596	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		<u>(190,386)</u>	<u>-</u>
Other comprehensive income for the year		<u>(190,386)</u>	<u>-</u>
Total comprehensive income for the year		<u>317,334,992</u>	<u>356,061,884</u>
Basic earnings per share	20		
Profit		<u>1.76</u>	<u>1.98</u>
Weighted average number of ordinary shares (shares)		<u>180,000,000</u>	<u>180,000,000</u>

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

Thai Nakarin Hospital Public Company Limited
Statement of changes in shareholders' equity
For the year ended 31 July 2019

(Unit: Baht)

	Note	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated	
Balance as at 1 August 2017		180,000,000	20,537,768	18,000,000	1,101,956,574	1,320,494,342
Profit for the year		-	-	-	356,061,884	356,061,884
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	356,061,884	356,061,884
Dividend paid	21	-	-	-	(108,000,000)	(108,000,000)
Balance as at 31 July 2018		180,000,000	20,537,768	18,000,000	1,350,018,458	1,568,556,226
Balance as at 1 August 2018		180,000,000	20,537,768	18,000,000	1,350,018,458	1,568,556,226
Profit for the year		-	-	-	317,525,378	317,525,378
Other comprehensive income for the year		-	-	-	(190,386)	(190,386)
Total comprehensive income for the year		-	-	-	317,334,992	317,334,992
Dividend paid	21	-	-	-	(108,000,000)	(108,000,000)
Balance as at 31 July 2019		180,000,000	20,537,768	18,000,000	1,559,353,450	1,777,891,218

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

Thai Nakin Hospital Public Company Limited
Statement of cash flows
For the year ended 31 July 2019

(Unit: Baht)

	2019	2018
Cash flows from operating activities		
Profit before tax	391,652,193	436,255,553
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation expenses	85,880,116	85,307,446
Bad debts and doubtful debts	1,638,696	789,393
Long-term employee benefit expenses	25,086,235	10,016,622
Gain on disposals of equipment	(791,511)	(50,284)
Gain on sales and change in value of investments in trading securities	(4,011,350)	(2,824,575)
Interest income	(11,682,481)	(12,151,710)
Profit from operating activities before changes in operating assets and liabilities	487,771,898	517,342,445
Decrease (increase) in operating assets		
Trade and other receivables	(21,348,581)	(3,004,423)
Inventories	3,353,276	(5,084,561)
Other current assets	(28,034)	(446,011)
Other non-current assets	29,781	107,016
Increase (decrease) in operating liabilities		
Trade and other payables	10,883,900	4,325,613
Doctor fee payable	10,007,986	3,678,187
Other current liabilities	149,632	5,499
Provision for long-term employee benefits	(3,858,663)	(4,101,475)
Cash from operating activities	486,961,195	512,822,290
Cash paid for income tax	(79,998,244)	(80,025,082)
Net cash from operating activities	406,962,951	432,797,208


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

Thai Nakin Hospital Public Company Limited
Statement of cash flows (continued)
For the year ended 31 July 2019

(Unit: Baht)

	2019	2018
Cash flows from investing activities		
Interest received	13,113,766	12,112,601
Net decrease (increase) in current investments	300,000,000	(104,400,000)
Decrease in long-term deposits at financial institutions	-	69,200,000
Cash paid for purchases of building improvement and equipment	(61,745,208)	(46,330,731)
Cash paid for purchase of intangible assets	(255,623)	(527,151)
Cash paid for purchase of leasehold rights	(668,000,000)	-
Cash received from disposals of equipment	941,828	798,019
Net cash used in investing activities	(415,945,237)	(69,147,262)
Cash flows from financing activities		
Dividend paid	(108,000,000)	(108,000,000)
Net cash used in financing activities	(108,000,000)	(108,000,000)
Net (decrease) increase in cash and cash equivalents	(116,982,286)	255,649,946
Cash and cash equivalents at beginning of year	384,701,576	129,051,630
Cash and cash equivalents at end of year (Note 7)	267,719,290	384,701,576
Supplemental cash flows information		
Non-cash items		
Write-off trade receivables as bad debts	1,838,029	718,342
Accounts payable - construction and equipment purchase	13,493,563	13,641,368

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



Thai Nakin Hospital Public Company Limited
Notes to financial statements
For the year ended 31 July 2019

1. General information

Thai Nakin Hospital Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in hospital business. The registered office of the Company is at No. 345 Thepparat Road, Kwaeng Bangna Nuea, Khet Bangna, Bangkok.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

3. New financial reporting standards

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

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

During the year, the Company has adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

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

During the year, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019, a set of 5 standards related to financial instruments and TFRS 16 Leases, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of this standards are summarised below.

TFRS 15 Revenue from contracts with customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company is evaluating the impact of this standard to the financial statements in the year when it is adopted.

Thai Financial Reporting Standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

4. Significant accounting policies

4.1 Revenue recognition

Revenue from hospital operations

Revenues from hospital operations, mainly consisting of medical fees, hospital room sales and medicine sales, are recognised as income when services have been rendered or medicines have been delivered.

Revenue from rental

Revenue from rental is recognised over the term of the rental agreements.

Interest income

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

Other income

Other income is recognised on an accrual basis.

4.2 Cash and cash equivalents

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

4.3 Investments in trading securities

Investments in securities held for trading are stated at fair value. Changes in the fair value, which is determined from the net asset value of these securities, are recorded in profit or loss.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.4 Trade accounts receivable and allowance for doubtful accounts

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

4.5 Inventories

Inventories are valued at the lower of cost (first-in first out) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

4.6 Property, plant and equipment and depreciation

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

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

Particulars	Useful lives (years)	
	Assets acquired before 1 August 2004	Assets acquired as from 1 August 2004
Land improvement	30	30
Buildings	25	Over the lease term
Building improvement	10	10
Facility systems	15, 20	3 - 10
Medical accessory equipment	5 - 20	5 - 15
Furniture, fixtures and equipment	8 - 15	5 - 10
Vehicles	10	10

Depreciation is included in determining income. No depreciation is provided on land and assets under construction and installation.

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

4.7 Intangible assets

Intangible assets are measured at cost on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	Useful lives
Computer software	10 years

4.8 Leasehold rights

Leasehold rights are amortised on the straight-line basis over the lease period.

4.9 Related party transactions

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

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

4.10 Long-term leases

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

4.11 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised in profit or loss when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

In the assessment of asset impairment, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.12 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee 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 recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

4.14 Provisions

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

4.15 Income tax

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

Current tax

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

Deferred tax

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

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

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

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards.

Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

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

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, debt collection experience, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both), liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Property, plant and equipment and depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the Company's buildings and equipment and to review estimate useful lives and residual values when there are any changes.

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

Deferred tax assets

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

Post-employment benefits and other long-term employee benefits under defined benefit plans

The obligations under the post-employment benefit plan and other long-term employee benefit plan are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

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

Transfer pricing policy	
Revenues from hospital operations	Based on the price charged to normal customers
Rental income	Rates as stipulated in the agreements
Doctor fee expenses (directors and management)	The same rate as other doctors in the hospital
Medical welfare expenses	Under the Company's regulations, medical welfare benefits are granted to directors, their spouses, children and parents, up to a specified amount per annum. These benefits exclude doctor fees, examinations conducted on other premises and special equipment charges

(Unit: Thousand Baht)

	For the years ended 31 July	
	2019	2018
Transactions with related companies and persons		
Revenues from hospital operations	49	29
Rental income	300	300
Doctor fee expenses (directors and management)	11,594	11,621
Medical welfare expenses	4,250	3,393

The balances of accounts as at 31 July 2019 and 2018 between the Company and its related parties are as follows:

(Unit: Thousand Baht)

	2019	2018
Trade receivables - related parties (Note 9)		
Related companies (related by common shareholders and directors)	4	8
Total trade receivables - related parties	4	8
Other receivables - related parties (Note 9)		
Related companies (related by common shareholders and directors)	81	111
Total other receivables - related parties	81	111
Doctor fee payable - related persons		
Related persons (directors and management)	947	1,016
Total doctor fee payable - related persons	947	1,016

Directors and management's benefits

During the years ended 31 July 2019 and 2018, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	2019	2018
Short-term employee benefits	32,199	35,206
Post-employment benefits	7,161	1,736
Total	39,360	36,942

7. Cash and cash equivalents

(Unit: Thousand Baht)

	2019	2018
Cash	5,723	6,044
Bank deposits	261,996	378,658
Total cash and cash equivalents	267,719	384,702

As at 31 July 2019, bank deposits in savings accounts carried interests between 0.10 and 1.38 percent per annum (2018: between 0.10 and 1.50 percent per annum).

8. Current investments

8.1 As at 31 July 2019 and 2018, current investments consisted of the following:

(Unit: Thousand Baht)

	Investments		Interest rate (percent per annum)	
	2019	2018	2019	2018
Fixed deposits at financial institutions (6 - 12 months)	170,000	470,000	1.70 - 1.85	1.40 - 1.75
Investments in trading securities - fair value (Note 8.2)	251,942	247,930		
Total current investments	421,942	717,930		

8.2 Movements in the investments in trading securities for the years ended 31 July 2019 and 2018 are summarised below.

(Unit: Thousand Baht)

	2019	2018
Net balance at beginning of the year	247,930	50,106
Cash paid for current investments in trading securities during the year - at cost	-	195,000
Gain on change in value	4,012	2,824
Net balance at end of the year	251,942	247,930

9. Trade and other receivables

(Unit: Thousand Baht)

	2019	2018
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	2	3
Past due		
Up to 3 months	2	5
Total trade receivables - related parties	4	8

(Unit: Thousand Baht)

	2019	2018
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	78,321	66,571
Past due		
Up to 3 months	53,862	47,110
3 - 6 months	7,056	6,345
6 - 12 months	3,598	2,972
Over 12 months	1,589	2,382
Total trade receivables - unrelated parties	144,426	125,380
Less: Allowance for doubtful accounts	(2,827)	(3,026)
Total trade receivables - unrelated parties - net	141,599	122,354
Total trade receivables - net	141,603	122,362
<u>Other receivables</u>		
Other receivables - related parties	81	111
Other receivables - unrelated parties	5,223	4,725
Accrued interest income	1,027	2,458
Total other receivables	6,331	7,294
Total trade and other receivables - net	147,934	129,656

10. Inventories

(Unit: Thousand Baht)

	2019	2018
Medicines and medical supplies	23,560	26,607
Supplies and others	4,267	4,573
Total	27,827	31,180

11. Long-term deposits at financial institutions

As at 31 July 2019, long-term deposits at financial institutions carried interest rate at 1.95 percent per annum (2018: between 1.70 and 1.90 percent per annum).

12. Property, plant and equipment

(Unit: Thousand Baht)

	Land and land improvements	Buildings and building improvements	Facility systems	Medical accessory equipment	Furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
Cost								
1 August 2017	227,120	431,776	303,439	467,847	140,183	12,698	5,489	1,588,552
Additions	-	-	727	38,409	3,300	1,124	9,391	52,951
Transfer in (transfer out)	-	1,134	392	-	4,458	-	(5,984)	-
Disposals and write-off	-	-	(19)	(6,246)	(2,665)	-	-	(8,930)
31 July 2018	227,120	432,910	304,539	500,010	145,276	13,822	8,896	1,632,573
Additions	-	-	811	32,201	11,537	-	17,048	61,597
Transfer in (transfer out)	-	636	2,252	337	7,434	-	(10,659)	-
Disposals and write-off	-	-	(957)	(6,670)	(1,564)	-	-	(9,191)
31 July 2019	227,120	433,546	306,645	525,878	162,683	13,822	15,285	1,684,979

(Unit: Thousand Baht)

	Land and land improvements	Buildings and building improvements	Facility systems	Medical accessory equipment	Furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
Accumulated depreciation								
1 August 2017	1,873	379,130	259,433	296,978	116,777	10,347	-	1,064,538
Depreciation for the year	78	20,101	10,020	42,812	10,200	870	-	84,081
Depreciation on disposals and write-off	-	-	(15)	(5,833)	(2,334)	-	-	(8,182)
31 July 2018	1,951	399,231	269,438	333,957	124,643	11,217	-	1,140,437
Depreciation for the year	58	10,379	8,243	39,174	10,298	513	-	68,665
Depreciation on disposals and write-off	-	-	(807)	(6,670)	(1,564)	-	-	(9,041)
31 July 2019	2,009	409,610	276,874	366,461	133,377	11,730	-	1,200,061
Net book value								
31 July 2018	225,169	33,679	35,101	166,053	20,633	2,605	8,896	492,136
31 July 2019	225,111	23,936	29,771	159,417	29,306	2,092	15,285	484,918
Depreciation for the year								
2018 (Baht 79.00 million included in cost of hospital operations, and the balance in administrative expenses)								84,081
2019 (Baht 65.22 million included in cost of hospital operations, and the balance in administrative expenses)								68,665

As at 31 July 2019, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 929.54 million (2018: Baht 541.24 million).

13. Intangible assets

The net book value of intangible assets, which are computer software, as at 31 July 2019 and 2018 is presented below.

(Unit: Thousand Baht)

Cost	
1 August 2017	20,245
Additions	527
31 July 2018	20,772
Additions	256
31 July 2019	21,028
Accumulated amortisation	
1 August 2017	15,555
Amortisation for the year	1,226
31 July 2018	16,781
Amortisation for the year	1,061
31 July 2019	17,842
Net book value	
31 July 2018	3,991
31 July 2019	3,186

14. Leasehold rights

(Unit: Thousand Baht)

	31 July 2019	31 July 2018
Cost	668,000	-
Less: Accumulated amortisation	(16,154)	-
Book value - net	651,846	-

The Company entered into a long-term lease agreement for lease of land on which the current operation hospital building was constructed with Thai Red Cross Society. The agreement is for a period of 30 years, from 9 November 2018 to 8 November 2048 with the lease payment of Baht 668 million, being payable in full upon signing the new lease agreement. The Company paid the lease payment of Baht 668 million to the Thai Red Cross Society on 22 February 2019.

15. Trade and other payables

(Unit: Thousand Baht)

	2019	2018
Trade payables - unrelated parties	85,550	86,827
Other payables - unrelated parties	21,535	14,018
Accounts payable - construction and equipment purchase	13,494	13,641
Accrued expenses	35,057	30,414
Total trade and other payables	155,636	144,900

16. Provision for long-term employee benefits

Provision for long-term employee benefits, which are compensations on employees' retirement and long service awards, was as follows:

(Unit: Thousand Baht)

	Retirement benefit plan	Long service award plan	Total
As at 1 August 2017	47,006	6,790	53,796
Current service cost	6,954	1,419	8,373
Interest cost	1,424	220	1,644
Benefits paid during the year	(2,650)	(1,452)	(4,102)
As at 31 July 2018	52,734	6,977	59,711
Current service cost	7,662	1,498	9,160
Past service cost from plan changes	18,125	-	18,125
Interest cost	1,518	250	1,768
Actuarial (gain) loss arising from			
Demographic assumptions changes	2,729	(145)	2,584
Financial assumptions changes	29	94	123
Experience adjustments	(2,520)	(3,916)	(6,436)
Benefits paid during the year	(3,223)	(635)	(3,858)
As at 31 July 2019	77,054	4,123	81,177

Long-term employee benefit expenses included in the profit or loss were as follows:

(Unit: Thousand Baht)

	2019	2018
Current service cost	9,160	8,373
Past service cost from plan changes	18,125	-
Interest cost	1,768	1,644
Actuarial (Gain) /Losses	(3,967)	-
Total expenses recognised in profit or loss	25,086	10,017
Line items in profit or loss under which such expenses are included		
Cost of hospital operations	17,360	7,393
Administrative expenses	7,726	2,624

The Company expects to pay Baht 4.73 million of long-term employee benefits during the next year (2018: Baht 6.42 million).

As at 31 July 2019, the weighted average duration of the liabilities for long-term employee benefits is 14 years (2018: 23 years).

Key actuarial assumptions used for the valuation are as follows:

	2019	2018
	(% per annum)	(% per annum)
Discount rate	2.27	2.70
Future salary increase rate	4.50	5.00
Staff turnover rate (depending on age of employees)	0.00 - 25.00	0.00 - 14.66

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 July 2019 and 2018 are summarised below.

(Unit: Million Baht)

	2019		2018	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(3.9)	4.2	(3.1)	3.1
Future salary increase rate	Increase 1.0%	Decrease 1.0%	Increase 1.0%	Decrease 1.0%
	7.2	(6.3)	7.1	(6.3)
Staff turnover rate	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
	(4.0)	4.3	(3.9)	4.1

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 18.13 million as a result. The Company reflected the effect of the change by recognising past service costs as expenses in the income statement for the year ended 31 July 2019.

17. Statutory reserve

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

18. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	2019	2018
Salaries and wages and other employee benefits	565,286	531,743
Cost of doctors' fee	560,107	542,010
Cost of medicines and medical supplies, supplies and others	383,871	376,281
Depreciation and amortisation	85,880	85,307
Service fees for outside treatments	19,962	23,470
General supplies	24,403	17,551
Other expenses	153,914	151,650

19. Income tax

Income tax expenses for the years ended 31 July 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	2019	2018
Current income tax:		
Current income tax charge	78,000	83,942
Adjustment in respect of income tax of previous year	-	(2,793)
Deferred tax:		
Relating to origination and reversal of temporary differences	(3,873)	(955)
Income tax expenses reported in the income statements	74,127	80,194

The amount of income tax relating to each component of other comprehensive income for the year ended 31 July 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	2019	2018
Deferred tax on actuarial gain	48	-

The reconciliation between accounting profit and income tax expenses is presented below.

(Unit: Thousand Baht)

	2019	2018
Accounting profit before tax	391,652	436,256
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	78,330	87,251
Adjustment in respect of income tax of previous year	-	(2,793)
Effects of:		
Non-deductible expenses	39	5
Additional expenses deductions allowed	(4,242)	(4,269)
Total	(4,203)	(4,264)
Income tax expenses reported in the statements of comprehensive income	74,127	80,194

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	31 July 2019	31 July 2018
Deferred tax assets		
Allowance for doubtful accounts	566	605
Provision for long-term employee benefits	16,235	11,942
Accumulated depreciation - equipment	1,649	1,982
Total	18,450	14,529

20. Earnings per share

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

21. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2017	Annual General Meeting of the shareholders on 16 November 2017	108.0	0.60
Total dividends for 2018		108.0	0.60
Final dividends for 2018	Annual General Meeting of the shareholders on 15 November 2018	108.0	0.60
Total dividends for 2019		108.0	0.60

22. Operating segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as executive committee.

The one main reportable operating segment of the Company is the hospital business and the single geographical area of its operation is Thailand. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

For the years ended 31 July 2019 and 2018, the Company has no major customer with revenue of 10 percent or more of its revenues.

23. Provident fund

The Company and its employees have jointly established a provident fund scheme in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 2 percent of basic salary. The fund is managed by TISCO Asset Management Company Limited and will be paid to the employees upon termination in accordance with the fund rules. During the year ended 31 July 2019, the contributions of Baht 3.84 million (2018: Baht 3.52 million) were recognised as expenses in profit or loss.

24. Commitments and contingent liabilities

24.1 Commitments under service agreements

The Company had total minimum payments to be paid in the future under the service agreements as follows:

(Unit: Million Baht)

	As at 31 July	
	2019	2018
Payable:		
In up to 1 year	11.3	8.0
In over 1 year and up to 3 years	1.0	2.2

24.2 Capital Commitments

As at 31 July 2019, the Company had capital commitments of Baht 9.7 million (2018: Baht 6.1 million) in respect of the acquisitions of medical equipment.

24.3 Guarantees

- As at 31 July 2019, the Company had credit facilities with a commercial bank for overdrafts of Baht 21.5 million (2018: Baht 21.5 million) and short-term loans of Baht 10.0 million (2018: Baht 10.0 million) guaranteed by the Company's directors.
- As at 31 July 2019, the Company had outstanding bank guarantees of approximately Baht 8.0 million (2018: Baht 4.8 million) issued by the bank on behalf of the Company in respect of electricity use as required in the normal course of business. These included letters of guarantee amounting to Baht 4.8 million (2018: 4.8 million) to guarantee electricity use and Baht 3.2 million (2018: Nil) to guarantee the payment of Building and Land Tax or Local Development Tax.

25. Financial instruments

25.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, long-term deposits at financial institutions, and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its deposits at financial institutions. However, most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The interest rate risk is therefore minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below.

(Unit: Million Baht)

	As at 31 July 2019					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 to 5 years				
Financial assets						
Cash and cash equivalents	-	-	262.00	5.72	267.72	0.10 - 1.38
Current investments	170.00	-	251.94	-	421.94	1.70 - 1.85
Trade and other receivables	-	-	-	147.93	147.93	-
Long-term deposits at financial institutions	-	100.00	-	-	100.00	1.95
	170.00	100.00	513.94	153.65	937.59	
Financial liabilities						
Trade and other payables	-	-	-	155.64	155.64	-
	-	-	-	155.64	155.64	

(Unit: Million Baht)

	As at 31 July 2018					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 to 5 years				
Financial assets						
Cash and cash equivalents	-	-	378.66	6.04	384.70	0.10 - 1.50
Current investments	470.00	-	247.93	-	717.93	1.40 - 1.75
Trade and other receivables	-	-	-	129.66	129.66	-
Long-term deposits at financial institutions	-	100.00	-	-	100.00	1.70 - 1.90
	<u>470.00</u>	<u>100.00</u>	<u>626.59</u>	<u>135.70</u>	<u>1,332.29</u>	
Financial liabilities						
Trade and other payables	-	-	-	144.90	144.90	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>144.90</u>	<u>144.90</u>	

Foreign currency risk

The Company's exposure to foreign currency risk is minimal since the majority of business operations are denominated in Thai Baht.

25.2 Fair value of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market rate, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

26. Fair values hierarchy

As of 31 July 2019 and 2018, the Company had the assets that were measured at fair value as follows:

(Unit: Million Baht)

	2019		2018	
	Level 2	Total	Level 2	Total
Investment in securities held for trading				
Debt instruments	251.9	251.9	247.9	247.9

Valuation techniques and inputs to Level 2 valuation

The fair value of investments in debt instruments has been determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.

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

27. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholders value. As at 31 July 2019, the Company's debt-to-equity ratio was 0.20:1 (2018: 0.20:1).

28. Event after the reporting period

On 12 September 2019, the Meeting of the Board of Directors of the Company passed a resolution approving the dividend payment for the year 2019 to the Company's shareholders at Baht 0.55 per share or a total of Baht 99 million. The payment of dividend will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 12 September 2019.

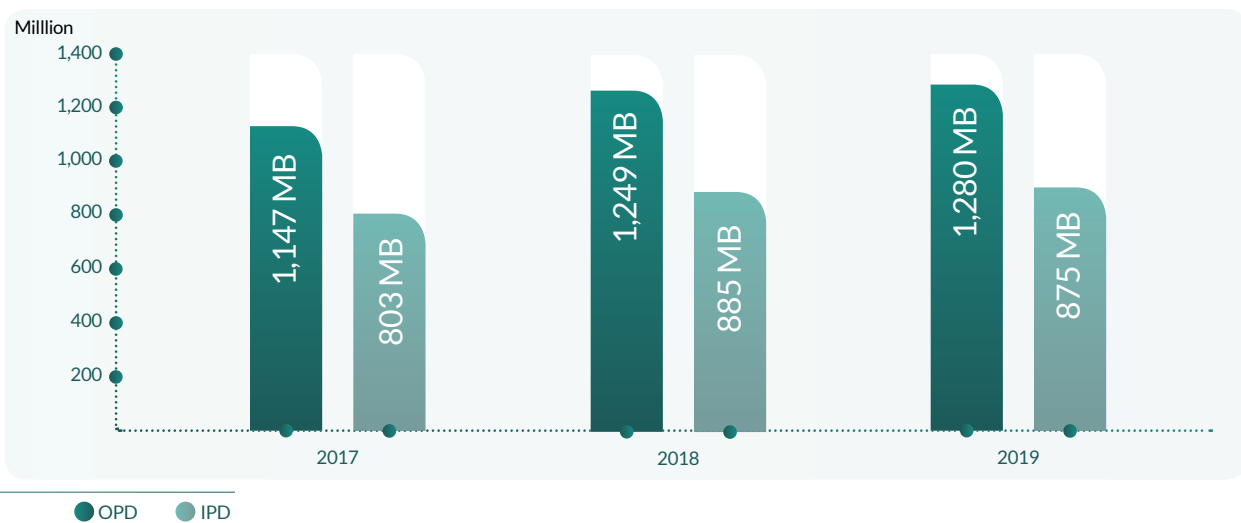
Management Discussion and Analysis

Operating Results and Profitability

Revenue

Operating results for the 2019 financial year from 1 August 2018 to 31 July 2019 registered total revenue of Baht 2,185.07 million, Baht 2,155.15 million or 98.63% of which came from medical service fees. The total revenue improved by Baht 20.80 million or 0.96% when compared to that of 2018 which resulted from growing number of OPD by Baht 30.75 million or 2.46% and IPD patients by Baht 10.11 million or 1.14% and the drop in medical fees from the growing number of patient along with decreasing complexity of cases.

Revenues from IPD and OPD medical fees for 2017, 2018 and 2019 are as follows:



Most of the Hospital's customers in 2019 were Thais, consisting 3 largely group of self-pay patients, insured patients and contractual parties. The number of patients is likely to grow because of its advantageous location and reputation for great range of specialties.

Other revenues included interest income from investment and rental income which aggregately accounted for 1.37% of total revenue.

Cost of Medical Services

In 2019, the Company's cost of medical services (including depreciation and amortization) amounted to Baht 1,580.60 million, growing from 2018 by Baht 56.55 million or 3.71% in consonance with the increase of medical fee revenue. The higher cost was contributed by the rising costs of medical personnel due to the Hospital's policy of recruiting specialized doctors in all fields to ensure precise diagnosis and treatment, as well as personnel costs. The costs of nursing personnel also rose due to the annual salary adjustment and the severance rate adjustment for the employment termination in that an employee having worked for 20 consecutive years or more would be entitled to a severance pay of not less than 400 days (previously 300 days) of his/her latest wage rate. Another cause for the higher cost of medical services was the adjustment of land and building lease fees from the renewal of agreements with the Thai Red Cross Society.

Administrative Expense

In 2019, the Company had total administrative expense of Baht 212.82 million, up from 2018 by Baht 8.85 million or 4.34% resulting mostly from the adjustment of severance rate, the annual adjustment of salary, remuneration and welfare benefits, and the adjustment of land and building lease fees from renewal of lease agreements with the Thai Red Cross Society.

Income Tax

Tax income of the Company in 2019 totaled Baht 74.13 million, decreasing from 2018 by Baht 6.07 million or 7.57% as a result of lower operating net profits. Corporate income taxes in 2019 and 2018 were imposed at the rate of 20%.

Income Statement

	2019	2018	2017
Total Revenue (Million Baht)	2,185.07	2,164.27	1,989.72
Net Profit (Million Baht)	317.53	356.06	290.59
Net Profit Margin (%)	14.53	16.45	14.60
Gross Profit Margin (%)	26.66	28.60	26.46
Return on Equity (%)	18.98	24.65	23.55

For reasons mentioned above, the Company achieved a satisfactory revenue growth rate of 0.96% and a net profit growth rate of -10.82% when compared to that of 2018. It has firmly pursued the policy on delivering high standard and quality services at fair prices.

Financial Position

The Company's financial position as of 31 July 2019 is as follows:

Assets			Liabilities and Shareholders' Equity		
	Amount (MB)	Ratio (%)		Amount (MB)	Ratio (%)
Current assets	868.47	40.83%	Current liabilities	267.40	12.57%
Non-current assets	1,258.52	59.17%	Non-current liabilities	81.70	3.84%
			Shareholders' equity	1,777.89	83.59%
Total	2,126.99	100.00%	Total	2,126.99	100.00%

Details of assets can be summarized as follows:

(Unit: Million Baht)

Description	2019	2018	2017
Cash and cash equivalents	267.72	384.70	129.05
Current investments	421.94	717.93	610.71
Trade and other receivables	147.93	129.66	127.40
Inventories	27.83	31.18	26.10
Long-term deposits at financial institutions	100.00	100.00	169.20
Land, buildings and equipment	484.92	492.14	524.01
Other assets	676.65	21.69	21.10
Total assets	2,126.99	1,877.30	1,607.57

As of 31 July 2019, the Company recorded cash and cash equivalents of Baht 267.72 million, comprising Baht 5.72 million cash and Baht 262.00 million bank deposits.

As of 31 July 2019, the Company recorded current investments of Baht 421.94 million, a year-on-year decrease from 2018 of Baht 295.99 million. The Company has adopted a policy to invest cash from Leasehold rights to land and buildings for the Thai Red Cross.

As of 31 July 2019, the Company recorded trade and other receivables of Baht 147.93 million, a year-on-year increase from 2018 of Baht 18.27 million or 14.09% due mostly to incremental net trade receivables which matched with rising revenue.

Details of trade receivables as of 31 July 2019, 2018 and 2017 are as follows:

Trade Receivables	2019		2018		2017	
	Amount (MB)	Ratio (%)	Amount (MB)	Ratio (%)	Amount (MB)	Ratio (%)
Not yet due	78.32	54.2%	66.57	53.1%	70.06	56.8%
Overdue						
Less than 3 months	53.86	37.3%	47.11	37.6%	46.00	37.3%
3 - 6 months	7.05	4.9%	6.35	5.0%	3.91	3.2%
6 - 12 months	3.60	2.5%	2.97	2.4%	1.05	0.8%
More than 12 months	1.60	1.1%	2.38	1.9%	2.30	1.9%
Total trade receivables	144.43	100.0%	125.38	100.0%	123.32	100.0%
Less: Allowance for doubtful accounts	(2.83)		(3.03)		(2.95)	
Total trade receivables - net	141.60		122.35		120.37	
Average collection period	22 days		21 days		20 days	

Because of the stringent debt management policy, the Company's average collection period increased by 1 days to become 22 days. In relation to ratios, over 54.2% of the trade receivables were not yet due and the account receivables overdue for more than 12 months, equated to only 1.1%. The Company has adopted a policy to set aside an allowance for doubtful accounts for debtors unlikely to make repayments, based on consideration of collection record and debt aging. As of 31 July 2019, the Company recorded Baht 2.83 million as allowance for doubtful accounts.

As of 31 July 2019, the Company's inventories amounted to Baht 27.83 million, divided into medicines and medical supplies of Baht 23.56 million or 84.66% and other materials of Baht 4.27 million.

As of 31 July 2019, the Company had long-term deposits with financial institutions of Baht 100.00 million, on which interest rates from 1.95% per year.

As of 31 July 2019, the Company's land, buildings and equipment totaled Baht 484.92 million. The Company has constantly invested in medical equipment to boost its service capacity in support of future growth. In the financial year 2019, the value of its investments was Baht 61.60 million, and depreciation was Baht 68.67 million.

Financial Ratios	2019	2018	2017
Return on fixed assets (%)	65.00	70.08	54.03
Return on assets (%)	19.56	25.04	23.93

Return on fixed assets and return on assets for 2019 were 65.00% and 19.56%, decreasing from the last year because of the Company has net profit decrease.

Liabilities

Details of liabilities as of 31 July 2019, 2018 and 2017 could be summarized as follows:

(Unit: Million Baht)

Description	2019	2018	2017
Trade and other payables	155.64	144.90	133.95
Doctor fee payables	81.66	71.65	67.97
Income tax payables	29.02	31.02	29.90
Provision for long-term employee benefits	81.18	59.71	53.80
Other liabilities	1.60	1.46	1.45
Total liabilities	349.10	308.74	287.07

As of 31 July 2019, the Company registered trade and other payables of Baht 155.64 million, increasing from 2018 by Baht 10.74 million or 7.4% due to a cost of service contract and accrued design fees for the Thainakarin Hospital 2

As of 31 July 2019, the Company's doctor fee payable amounted to Baht 81.66 million, increasing from 2018 by Baht 10.01 million or 13.97% in agreement with improving medical revenue.

As of 31 July 2019, the Company had income tax payables of Baht 29.02 million, lower than 2018 by Baht 2.00 million or 6.44% which was in line with the drop in net operating profits. Income tax rates for 2019 and 2018 were 20%.

As of 31 July 2019, the Company registered provision for long-term employee benefits of Baht 81.18 million, up from 2018 by Baht 21.47 million or 35.96%. due to the provision for long-term employee benefits in accordance with the Labor Protection Act (7th Issue), announced on 5 April 2019 and in effect since 5 May 2019 onwards, which stipulated additional severance rate for employment termination and entitled an employee having worked for 20 consecutive years or more to receive a severance pay of not less than 400 days (previously 300 days) of his/her latest wage rate. Such legal amendment changed the Company's post-employment benefit program and caused the provision for long-term employee benefits to increase.

Shareholders' Equity

Shareholders' equities of the Company as of 31 July 2019, 2018 and 2017 were Baht 1,777.89 million, 1,568.56 million and 1,320.50 million respectively, showing a steady growth driven by increasing comprehensive profits net of interim dividend payments.

Liquidity

(Unit: Million Baht)

Description	2019	2018	2017
Cash flow from operating activities	406.96	432.80	379.72
Cash flow used in investing activities	(415.94)	(69.15)	(239.92)
Cash flow used in financing activities	(108.00)	(108.00)	(117.00)
Net increase (decrease) in cash and cash equivalents	(116.98)	255.65	22.80
Cash and cash equivalents as of 1 August	384.70	129.05	106.25
Cash and cash equivalents as of 31 July	267.72	384.70	129.05

The Company recorded cash and cash equivalents as of 31 July 2019 and 2018 of Baht 267.72 million and 384.70 million respectively. Details of cash inflows and outflows in 2019 are as follows:

- Net cash from operating activities totaled Baht 406.96 million, decreasing from 2018 by Baht 25.84 million.
- The Company had net cash used in investing activities of Baht 415.94 million, from cash payment for medical equipment of Baht 61.74 million, payment for leasehold rights of Baht 668 million, payment for intangible assets of Baht 0.25 million. Cash inflow arose from interest income of Baht 13.11 million, from temporary investment of Baht 300 million, and from sales of equipment of Baht 0.94 million.
- Net cash used in financing activities totaled Baht 108.00 million from annual dividend payment.

Financial Liquidity of the Company of each year is as follows:

Financial Ratio	2019	2018	2017
Liquidity ratio (time)	3.25	5.10	3.85
Average collection period (day)	22	21	20
Average inventory period (day)	7	7	7
Average payment period (day)	20	21	21

As of 31 July 2019 and 2018, the Company registered fairly high liquidity ratios of 3.25 and 5.10 times respectively, which well reflected its capacity to settle contractual obligations.

As of 31 July 2019 and 2018, the Company's average collection periods were exactly the same at 22 days and 21 days. Such relatively low ratio exhibited appropriate collection policy of the Company.

As of 31 July 2019 and 2018, the Company's average inventory periods were 7 and 7 days respectively, which indicated efficient inventory management.

As of 31 July 2019 and 2018, the Company recorded average payment periods of 20 and 21 days respectively, which demonstrated its debt settlement ability and boosted the confidence of contractual parties.

Capital Structure

The Company has a solid capital structure, with the debt to equity ratios as of 31 July 2019 and 2018 being 0.20 and 0.20 times. However, the Company has maintained a rigid policy on financial structure management and control, while keeping an appropriate level of its financial ratios and liquidity.

Contractual Obligations

As of 31 July 2019, the Company had obligations under service agreements as follows:

(Unit: Million Baht)

Description	Term of Payment		Total
	Within 1 year	1-3 years	
Service agreement obligations	11.3	1.0	12.3

Factors Affecting Future Operations

Increasing Demand for Medical Care

The Company is confident that private hospital business shall continue to expand due to the rise in demand for medical care among domestic and foreign customers as a result of higher income per capita, need for quality medical care, growing number of elderly population, the launch of AEC in early 2015, as well as the country's positioning as the Medical Hub of Asia shall cause the number of hospital customers to increase.

Advantageous Location

Located on Debaratna Road and in close proximity to communities and industrial estates which are continually expanding, the Hospital has gained more customers. With largely middle-market customers, the Hospital adheres to its policy to deliver best medical care services with kindred hospitality at a reasonable price.

Capacity Enhancement for Specialty Clinics

Nowadays, diseases have become more complex and meanwhile people can access more medical-related information. Striving to treat complex diseases and to meet higher demand for medical care, the Hospital has therefore boosted its capacity with teams of specialist doctors, state-of-the-art equipment along with experienced support staff. It has seen from the number of patient is increasing from the launched of new specialty clinic, i.e. Brain and Neurology Center that is equipped with advanced apparatus to enhance the Center's efficiency.

Competition

Competition tends to intensify because of expansion of private hospitals, both existing and new ones, in Bangkok and perimeter areas. In response to this, the Company has plan to make improvements on the premises and services to ensure service user satisfaction.

Government Intervention

Changes of standards or regulations governing the Hospital are as follows:

- **Control on the prices of drugs, medical supplies and medical fees by the Department of Internal Trade**

Thainakarin Hospital has already complied with the notification of the Central Committee on Prices of Goods and Services relating to price control of drugs, medical supplies and medical fees. However, the Hospital is not impacted by such measure because it charges moderate prices of drugs, and sets the prices of drugs, medical supplies and medical fees at reasonable rates.
- **The New Labor Protection Act B.E. 2562**

The new Labor Protect Act B.E. 2562 provides employees with more welfare benefits by increasing severance pay for employees with 20 or more years' service from 300 days to 400 days, thus causing the Company to set aside higher provision for employee benefits which affects business profits.
- **Advertisement control by the Ministry of Public Health**

As the Department of Health Service Support (DoHSS) mandates that publication of advertisements or announcements by private hospitals must obtain prior approval of DoHSS, it becomes more complicated for private hospitals to give information to service users. As a result, service users shall be less informed.
- **“Universal Coverage for Emergency Patients” Program (UCEP)**

Under the “Universal Coverage for Emergency Patients” program (UCEP), the Hospital gets compensation at the rate of approximately 30-50% of the charges, which affects its profits.

CSR Activities



Blood Donation

Thainakarin Hospital joined the Blood Center and the Organ Donation Center of the Thai Red Cross Society in running the **“Donate Blood = Safe Life”** Project. Any strong and healthy person can donate blood every 3 months or 4 times per year.

Mobile Medical Unit Project

Thainakarin Hospital arranged its mobile medical unit to deliver health checkup and treatment to people participating Kathin Ceremony at Supsuanplu Monastery in Tambon Cha-aom, Amphoe Kangkoi, Saraburi. This project has been carried out for over 7 consecutive years.





17th Sky Clinic

Thainakarin Hospital and BTS Group Holdings Pcl. jointly organized the “17th Sky Clinic” event to offer basic health checkup services (free of charge), i.e. diabetes, and bones and joints, to passengers at BTS Pak Nam Station as well as people in the vicinity.



Promotion of Good Hygiene in School

Thainakarin Hospital joined with Pranee Kindergarten to launch a project promoting good hygiene in school with the aim of helping children develop healthy personal hygiene habits. The children were taught about nutritious and healthy eating by dietitians, along with correct ways of hand washing and tooth brushing by professional nurses.



Kor Kai Nai Sai Mok Project

Kor Kai Nai Sai Mok Project was held at “Mae Fah Luang” Highland Community Learning Center at baan chor leu nua, Tambon Sop Moei, Mae Hong Son, to provide medical care services for the locals and to donate money and other items on the occasion of 2019 National Children’s Day.



Activity with Contractual Company

Thainakarin Hospital carried out a field activity on “Safety Day”, providing basic health checkup, blood pressure test, body composition analysis and demonstration of office syndrome workout for employees of Toyota Motor Thailand Co., Ltd. and Denso (Thailand) Co., Ltd., Bangbor Branch, many of whom had eagerly taken the checkup.





Activity with Insurance Company

Thainakarin Hospital carried out a field medical unit to provide basic health checkup, blood pressure check, fingerstick blood sugar test for diabetes and body composition analysis to insurance brokers of Thai Life Insurance Co., Ltd. (Bangna Branch) and AIA Co., Ltd. at Narai Hotel, Silom, Bangkok.

Health Checkup Booth Arrangement

Thainakarin Hospital set up a medical service booth at the “mai FORUM 2019” under the theme “20th Anniversary of mai, Mutual Growth and Sustainability” organized by the mai-Listed Company Association (maiA) on Saturday 13 July 2019 to offer basic health checkup services (free of charge), i.e. blood pressure check and body composition test. At the event, the Investor Relations also provided information of the Company. The forum was attended by people in money and capital markets, investors, leading analysts, entrepreneurs and interested persons.



Internal Activities

Chinese New Year Celebration at Thainakarin

The Hospital held a Chinese New Year activity by giving souvenirs to all in-patients in order to create a cheerful atmosphere and extend best wishes and blessings to its customers, thus making them happy and impressed with the services.



Lecture on “Colon Cancer ... It’s Preventable”

Thainakarin Hospital welcomed visitors from the Association of Pensioned Officials, Ministry of Public Health, Samutprakarn and the Elderly Club, Samutprakarn Hospital who also attended a lecture on “Colon Cancer ... It’s Preventable” given by Prapimpan Ampansup, M.D., a specialist physician of the Gastrointestinal Center. The speaker emphasized the significance of colon cancer screening or colonoscopy for persons aged 50 and over. Besides, the group visited several centers and learned about diagnostic and therapeutic technologies from the Head Nurses of these centers, such as the Checkup Center, the Heart Center, the Neurology Clinic, the Gastrointestinal Center, the Eye Center, the Bone and Joint Center, the Patient Referral Center, and the Emergency Department, all being of crucial importance in examining and diagnosing diseases and symptoms of the elderly.



“Happy Life by Cheewajit Season 6”

Thainakarin Hospital and Cheewajit Magazine co-host the “Happy Life by Cheewajit Season 6” seminar for health-conscious people. In the event, primary health check, blood pressure check, body composition analysis and health-related consultation were provided, together with a talk on “**Knowing and Preventing Influenza**” delivered by Onwalee Dhissayakamol, M.D., a specialist physician in infectious diseases. Activities also featured knowledge sharing about “**Microbiome-Boosting Food for Better Immunity**” by Thailand’s first nutritional therapy practitioner, “**Healthy Exercise**” by Cheewajit expert, and demonstration of “**CHEEWAJIT Cooking Class**” by Paka Sengpanich (Auntie Yoong), including many booths of health products.



Celebration of 26th Anniversary

Thainakarin Hospital organized an event in celebration of its 26th Anniversary under the concept “GI LOVING TIME BE STRONG INSIDE OUT” to create a balanced gastrointestinal system for healthiness and longevity. Activities included a talk on “Colon Cancer ... It’s Preventable” by Nikorn Parinyawutichai, M.D., a gastroenterologist of the Gastrointestinal Center, tips on “Good Food For Your Gut” by a dietitian, an entertaining magician show, sale of checkup packages at good prices, DIY workshops on canvas bag painting and terrarium making, raffles, shoot & share activity, and free souvenirs.



Luang Por Budh – Jatucharoen Foundation

Luang Por Budh – Jatucharoen Foundation was established by the remark of Phra Rajasangvarayana (Luang Por Budh Thaniyo) of Wat Pa Salawan, Nakhon Ratchasima. In the beginning, Phra Rajasangvarayana wished to set up a fund to help out sick monks who lacked attendants or money to pay for medical fees. He then gave a sum of 151,400 baht, donated by his disciples and benefactors, to the Company for use as the initial fund. On 1 February 1998, the Company therefore carried out his wish and established “Luang Por Budh for Sick Monks Fund,” with Phra Rajasangvarayana being the advisor to the Fund Committee until his decease in 1999. Subsequently, the establishment of “Luang Por Budh – Thainakarin Hospital Foundation” was registered on 1 June 2011. Its name was later changed to “Luang Por Budh – Jatucharoen Foundation.”



Key Activities Co-organized by the Foundation and the Company

• Medical Fees for Sick Monks

There were approximately 150-200 monks receiving help from the Foundation with medical fees each year. Some of them were Phra Sudharmkanajarn (Luang Pu Rien Varalapo), Phra Brahmangalyana (Luang Por Wiriyang Sirintharo), Luang Pu Onsa Sukhagaro, etc. The Company also took part in giving assistance with medical treatment to these monks who suffered from illnesses.

- **Off-season Robe Offering**

Robe offering was regarded as a great meritorious deed because it was an offering dedicated to no monks in particular, but to the entire monastic community – into the common pool. The Company and the Foundation joined this merit of robe offering every year.

- **Assistance to Disaster Victims**

Upon every natural disaster, the Foundation never stays indifferent to the troubles of fellow Thais. In the recent tropical storm Pabuk incident in January 2019, the Foundation and the Company jointly donated a sum of 40,000 baht to the Thai Red Cross Society. M.R. Priyangsri Wattanakun, the Assistant Secretary Director (Fund Raising Group) and the Director of the Fund Raising Bureau, the Thai Red Cross Society, received the donation on behalf of the Society for further use in helping the victims of the tropical storm Pabuk.

Donation can be made to:

Savings account: “Luang Por Budh – Jatucharoen Foundation”

Thanachart Bank, Bangna Branch, account number: 019-6-03949-6

In case donation receipt is required: Tel. 0 2361 2727 ext. 3397 or Fax. 0 2361 2777



Smart Health Strong Life

ก้าวอย่างมั่นคงไปกับเรา



THAINAKARIN HOSPITAL PUBLIC COMPANY LIMITED

No. 345 Debaratna Road (Bangna-Trad Road) km 3.5, Bangna Nuea, Bangna, Bangkok 10260

Phone number: 0 2361 2727, 0 2361 2828 Fax number: 0 2361 2777

E-mail: info@thainakarin.co.th

www.thainakarin.co.th



THAINAKARIN HOSPITAL PUBLIC COMPANY LIMITED

No. 345 Debaratna Road (Bangna-Trad Road) km 3.5, Bangna Nuea, Bangna, Bangkok 10260

Phone number: 0 2361 2727, 0 2361 2828 Fax number: 0 2361 2777

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