

Thai Nakin Hospital Public Company Limited
Report and financial statements
31 July 2021

Independent Auditor's Report

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 2021, 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 2021, 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.

Samran Taengcham
Certified Public Accountant (Thailand) No. 8021

EY Office Limited
Bangkok: 17 September 2021

Thai Nakarin Hospital Public Company Limited**Statement of financial position****As at 31 July 2021**

(Unit: Baht)

	Note	31 July 2021	31 July 2020
Assets			
Current assets			
Cash and cash equivalents	8	366,743,717	312,038,932
Current investments	4, 9	-	645,637,776
Trade and other receivables	4, 7, 10	260,321,289	119,921,494
Inventories	11	36,428,514	33,417,578
Other current financial assets	4, 9	720,495,000	-
Other current assets		14,625,216	99,929
Total current assets		1,398,613,736	1,111,115,709
Non-current assets			
Property, plant and equipment	12	521,844,179	480,108,311
Intangible assets	13	1,740,616	2,784,647
Right-of-use assets	4, 14	607,283,811	-
Leasehold rights	4, 14	-	629,534,222
Deferred tax assets	4, 19	20,949,828	21,025,276
Other non-current assets		207,535	273,335
Total non-current assets		1,152,025,969	1,133,725,791
Total assets		2,550,639,705	2,244,841,500

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

Thai Nakarin Hospital Public Company Limited
Statement of financial position (continued)
As at 31 July 2021

		(Unit: Baht)	
	Note	31 July 2021	31 July 2020
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	15	161,233,632	126,587,006
Doctor fee payable	7	79,549,567	73,104,294
Income tax payable		30,621,501	14,991,231
Other current liabilities		35,199,408	931,170
Total current liabilities		306,604,108	215,613,701
Non-current liabilities			
Provision for long-term employee benefits	16	94,341,465	97,551,354
Other non-current liabilities		1,045,970	969,430
Total non-current liabilities		95,387,435	98,520,784
Total liabilities		401,991,543	314,134,485
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		1,930,110,394	1,712,169,247
Total shareholders' equity		2,148,648,162	1,930,707,015
Total liabilities and shareholders' equity		2,550,639,705	2,244,841,500

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

Directors

Thai Nakin Hospital Public Company Limited
Statement of comprehensive income
For the year ended 31 July 2021

(Unit: Baht)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Profit and loss:			
Revenues			
Revenues from hospital operations		2,043,840,575	2,009,023,777
Other income		<u>13,008,744</u>	<u>18,924,089</u>
Total revenues		<u>2,056,849,319</u>	<u>2,027,947,866</u>
Expenses			
	18		
Cost of hospital operations		1,514,462,054	1,527,305,266
Administrative expenses		<u>190,405,644</u>	<u>194,330,464</u>
Total expenses		<u>1,704,867,698</u>	<u>1,721,635,730</u>
Operating profit		351,981,621	306,312,136
Finance income		<u>6,235,573</u>	<u>9,517,854</u>
Profit before income tax expenses		358,217,194	315,829,990
Income tax expenses	19	<u>(64,801,374)</u>	<u>(59,495,234)</u>
Profit for the year		<u>293,415,820</u>	<u>256,334,756</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified</i>			
<i>to profit or loss in subsequent periods</i>			
Actuarial gain (loss)	16	11,805,113	(5,648,699)
Less: Income tax effect	19	<u>(2,361,023)</u>	<u>1,129,740</u>
Net other comprehensive income not to be reclassified			
to profit or loss in subsequent periods		<u>9,444,090</u>	<u>(4,518,959)</u>
Other comprehensive income for the year		<u>9,444,090</u>	<u>(4,518,959)</u>
Total comprehensive income for the year		<u>302,859,910</u>	<u>251,815,797</u>
Basic earnings per share			
	20		
Profit		<u>1.63</u>	<u>1.42</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 cash flows****For the year ended 31 July 2021**

(Unit: Baht)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Profit before tax	358,217,194	315,829,990
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation expenses	86,480,353	87,126,717
Bad debts and allowance for expected credit losses	899,213	1,580,374
Long-term employee benefit expenses	17,343,934	12,584,309
Gain on disposals of equipment	(2,672,334)	(4,496,740)
Gain on sales and change in value of investments in trading securities	-	(1,955,065)
Finance income	<u>(6,235,573)</u>	<u>(9,517,854)</u>
Profit from operating activities before changes in operating assets and liabilities	454,032,787	401,151,731
Decrease (increase) in operating assets		
Trade and other receivables	(146,184,739)	27,080,297
Inventories	(3,010,936)	(5,591,006)
Other current assets	(14,525,287)	2,952,770
Other non-current assets	65,800	(155,106)
Increase (decrease) in operating liabilities		
Trade and other payables	37,495,008	(28,085,467)
Doctor fee payable	6,445,273	(8,555,868)
Other current liabilities	34,268,238	(152,254)
Provision for long-term employee benefits	(8,748,710)	(1,858,347)
Other non-current liabilities	<u>76,540</u>	<u>446,430</u>
Cash from operating activities	359,913,974	387,233,180
Cash paid for income tax	<u>(50,476,987)</u>	<u>(74,970,766)</u>
Net cash from operating activities	<u>309,436,987</u>	<u>312,262,414</u>

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

Thai Nakarin Hospital Public Company Limited**Statement of cash flows (continued)**

For the year ended 31 July 2021

(Unit: Baht)

	<u>2021</u>	<u>2020</u>
Cash flows from investing activities		
Interest received	6,222,849	8,870,080
Net increase in other current financial assets	(74,857,224)	(221,741,104)
Decrease in other non-current financial assets	-	100,000,000
Cash paid for purchases of building improvement and equipment	(108,810,549)	(60,463,535)
Cash paid for purchase of intangible assets	(89,078)	(717,670)
Cash received from disposals of equipment	<u>3,801,800</u>	<u>5,109,457</u>
Net cash used in investing activities	<u>(173,732,202)</u>	<u>(168,942,772)</u>
Cash flows from financing activities		
Dividend paid	<u>(81,000,000)</u>	<u>(99,000,000)</u>
Net cash used in financing activities	<u>(81,000,000)</u>	<u>(99,000,000)</u>
Net increase in cash and cash equivalents	54,704,785	44,319,642
Cash and cash equivalents at beginning of year	<u>312,038,932</u>	<u>267,719,290</u>
Cash and cash equivalents at end of year (Note 8)	<u><u>366,743,717</u></u>	<u><u>312,038,932</u></u>
Supplemental cash flows information		
Non-cash items		
Write-off trade receivables as bad debts	2,173,566	2,141,584
Accounts payable - construction and equipment purchase	9,681,794	12,530,176

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 2021

(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 2019		180,000,000	20,537,768	18,000,000	1,559,353,450	1,777,891,218
Profit for the year		-	-	-	256,334,756	256,334,756
Other comprehensive income for the year		-	-	-	(4,518,959)	(4,518,959)
Total comprehensive income for the year		-	-	-	251,815,797	251,815,797
Dividend paid	21	-	-	-	(99,000,000)	(99,000,000)
Balance as at 31 July 2020		<u>180,000,000</u>	<u>20,537,768</u>	<u>18,000,000</u>	<u>1,712,169,247</u>	<u>1,930,707,015</u>
Balance as at 1 August 2020		180,000,000	20,537,768	18,000,000	1,712,169,247	1,930,707,015
Cumulative effect of change in accounting policy (Note 4)		-	-	-	(3,918,763)	(3,918,763)
Balance as at 1 August 2020 - as restated		180,000,000	20,537,768	18,000,000	1,708,250,484	1,926,788,252
Profit for the year		-	-	-	293,415,820	293,415,820
Other comprehensive income for the year		-	-	-	9,444,090	9,444,090
Total comprehensive income for the year		-	-	-	302,859,910	302,859,910
Dividend paid	21	-	-	-	(81,000,000)	(81,000,000)
Balance as at 31 July 2021		<u>180,000,000</u>	<u>20,537,768</u>	<u>18,000,000</u>	<u>1,930,110,394</u>	<u>2,148,648,162</u>

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

Thai Nakarin Hospital Public Company Limited

Notes to financial statements

For the year ended 31 July 2021

1. General information

1.1 Corporate information

Thai Nakarin 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.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

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 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 period, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

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.

The impact of the adoption of these standards on the Company's financial statements is as follows.

- Recognition of credit losses - The Company is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Company applies the simplified approach to consider impairment of trade receivables.

The Company recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to the retained earnings as at 1 August 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.

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.

This standard does not have any significant impact on the Company's financial statements.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the first quarter of 2021, the Company elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach and impairment of assets.

In the second and third quarter of 2021, the Company has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended 31 July 2021, the Company has discontinued application of all temporary relief measures on accounting alternatives with no significant impact on the Company's financial statements.

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 1.4 to the financial statements, during the current period, the Company has adopted financial reporting standards related to financial instruments and leases. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 August 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2021 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	31 July 2020	The impacts of		
		Financial reporting standards related to financial instruments	TFRS 16	1 August 2020
Statement of financial position				
Assets				
Current investments	645,638	(645,638)	-	-
Trade and other receivables	119,921	(4,898)	-	115,023
Other current financial assets	-	645,638	-	645,638
Deferred tax assets	21,025	979	-	22,004
Leasehold rights	629,534	-	(629,534)	-
Right-of-use assets	-	-	629,534	629,534
Shareholders' equity				
Retained earnings - unappropriated	1,712,169	(3,919)	-	1,708,250

Financial instruments

Details of the impact on retained earnings as at 1 August 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

(Unit: Thousand Baht)

Recognition of an allowance for expected credit losses on financial assets	<u>(3,919)</u>
Impacts of the adoption of financial reporting standards related to financial instruments	<u>(3,919)</u>

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 August 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensiv e income	Amortised cost	Total
Financial assets as at 1 August 2020					
Cash and cash equivalents	312,039	-	-	312,039	312,039
Trade and other receivables	119,921	-	-	115,023	115,023
Other non-current financial assets	<u>645,638</u>	<u>25,290</u>	<u>-</u>	<u>620,348</u>	<u>645,638</u>
Total financial assets	<u>1,077,598</u>	<u>25,290</u>	<u>-</u>	<u>1,047,410</u>	<u>1,072,700</u>

As at 1 August 2020, the Company has not designated any financial liabilities at fair value through profit or loss.

5. Significant accounting policies

5.1 Revenue and expense 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.

Finance income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

Other income

Other income is recognised on an accrual basis.

5.2 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.

5.3 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.

5.4 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
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.

5.5 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:

	<u>Useful lives</u>
Computer software	10 years

5.6 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.

5.7 Leases

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Company is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Short-term leases and Leases of low-value assets

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

5.8 Impairment of non-financial assets

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

An impairment loss is recognised in profit or loss.

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.

5.9 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.

5.10 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 employee benefits are recognised immediately in profit or loss.

5.11 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.

5.12 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 its 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.

5.13 Financial instruments

Accounting policies adopted since 1 August 2020

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Company's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Company considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Accounting policies adopted before 1 August 2020

Trade accounts receivable

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

Investments

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in the income statement.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the income statement.

5.14 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.

6. 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 expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

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.

7. 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.

	<u>Transfer pricing policy</u>
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

	<u>2021</u>	<u>2020</u>
<u>Transactions with related companies and persons</u>		
Revenues from hospital operations	2,432	102
Rental income	210	319
Doctor fee expenses (directors and management)	24,903	11,411
Medical welfare expenses	3,500	3,230

The balances of accounts as at 31 July 2021 and 2020 between the Company and its related parties are as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
<u>Trade receivables - related parties (Note 10)</u>		
Related companies (related by common shareholders and directors)	2,427	-
Total trade receivables - related parties	<u>2,427</u>	<u>-</u>
<u>Other receivables - related parties (Note 10)</u>		
Related companies (related by common shareholders and directors)	-	67
Total other receivables - related parties	<u>-</u>	<u>67</u>
<u>Doctor fee payable - related persons</u>		
Related persons (directors and management)	2,243	1,038
Total doctor fee payable - related persons	<u>2,243</u>	<u>1,038</u>

Directors and management's benefits

During the years ended 31 July 2021 and 2020, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	52,967	30,558
Post-employment benefits	6,804	8,277
Total	<u>59,771</u>	<u>38,835</u>

8. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Cash	4,992	6,974
Bank deposits	361,752	305,065
Total cash and cash equivalents	<u>366,744</u>	<u>312,039</u>

As at 31 July 2021, bank deposits in savings accounts carried interests between 0.05 and 1.09 percent per annum (2020: between 0.05 and 1.15 percent per annum).

9. Current investments/Other current financial assets

9.1 As at 31 July 2021 and 2020, current investments consisted of the following:

	(Unit: Thousand Baht)			
	Investments		Interest rate	
	<u>2021</u>	<u>2020</u>	(percent per annum)	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Fixed deposits at financial institutions (7 - 12 months)	720,495	620,348	0.50 - 1.45	0.60 - 2.15
Investments in trading securities - fair value (Note 9.2)	-	25,290		
Total current investments	<u>720,495</u>	<u>645,638</u>		

9.2 Movements in the investments in trading securities for the years ended 31 July 2021 and 2020 are summarised below.

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Net balance at beginning of the year	25,290	251,942
Sales during the year - at cost		
Proceeds from sales	-	(100,000)
Gain on sales	-	332
Total	-	(99,668)
Gain on change in value	-	1,623
Cash received from fund	(25,290)	(128,607)
Net balance at end of the year	<u>-</u>	<u>25,290</u>

In late March 2020, TMBAM Eastspring announced the dissolution of TMB Thana Plus Fund (TMBTHANAPLUS), in which the Company had the investment of Baht 153.9 million as at a date of dissolution (31 July 2020: Baht 25.3 million). During the current period, the Company received the payout from TMBAM East spring amount to Baht 25.4 million. This amount included gains from the investment in profit and loss, amounting to Baht 0.1 million.

10. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	2,427	-
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	145,211	55,577
Past due		
Up to 3 months	95,009	40,381
3 - 6 months	10,748	11,893
6 - 12 months	5,542	7,054
Over 12 months	1,254	1,510
Total trade receivables - unrelated parties	257,764	116,415
Less: Allowance for expected credit loss/ Allowance for doubtful accounts	(5,889)	(2,266)
Total trade receivables - unrelated parties - net	251,875	114,149
Total trade receivables - net	254,302	114,149
<u>Other receivables</u>		
Other receivables - related parties	-	67
Other receivables - unrelated parties	4,332	4,031
Accrued interest income	1,687	1,674
Total other receivables	6,019	5,772
Total trade and other receivables - net	260,321	119,921

11. Inventories

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Medicines and medical supplies	32,312	28,690
Supplies and others	4,117	4,728
Total	36,429	33,418

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 2019	227,120	433,546	306,645	525,878	162,683	13,822	15,285	1,684,979
Additions	-	16	4,448	30,888	1,417	-	22,731	59,500
Transfer in (transfer out)	26	511	6,750	26	2,145	-	(9,458)	-
Disposals and write-off	-	(300,829)	(1,604)	(25,665)	(10,626)	(1,350)	-	(340,074)
31 July 2020	227,146	133,244	316,239	531,127	155,619	12,472	28,558	1,404,405
Additions	-	70	1,439	47,481	2,655	-	54,318	105,963
Transfer in (transfer out)	614	1,368	18,897	-	6,639	-	(27,518)	-
Disposals and write-off	-	-	(35,903)	(62,541)	(8,073)	-	-	(106,517)
31 July 2021	227,760	134,682	300,672	516,067	156,840	12,472	55,358	1,403,851

(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 2019	2,009	409,610	276,874	366,461	133,377	11,730	-	1,200,061
Depreciation for the year	47	6,480	7,909	39,160	9,624	477	-	63,697
Depreciation on disposals and write-off	-	(300,829)	(1,263)	(25,433)	(10,586)	(1,350)	-	(339,461)
31 July 2020	2,056	115,261	283,520	380,188	132,415	10,857	-	924,297
Depreciation for the year	30	5,657	7,862	40,233	8,896	419	-	63,097
Depreciation on disposals and write-off	-	-	(35,634)	(61,699)	(8,054)	-	-	(105,387)
31 July 2021	2,086	120,918	255,748	358,722	133,257	11,276	-	882,007
Net book value								
31 July 2020	225,090	17,983	32,719	150,939	23,204	1,615	28,558	480,108
31 July 2021	225,674	13,764	44,924	157,345	23,583	1,196	58,358	521,844
Depreciation for the year								
2020 (Baht 60.89 million included in cost of hospital operations, and the balance in administrative expenses)								63,697
2021 (Baht 60.47 million included in cost of hospital operations, and the balance in administrative expenses)								63,097

As at 31 July 2021, 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 604.73 million (2020: Baht 648.52 million).

13. Intangible assets

The net book value of intangible assets, which are computer software, as at 31 July 2021 and 2020 is presented below.

(Unit: Thousand Baht)

Cost	
1 August 2019	21,028
Additions	717
31 July 2020	<u>21,745</u>
Additions	89
31 July 2021	<u>21,834</u>
Accumulated amortisation	
1 August 2019	17,842
Amortisation for the year	1,118
31 July 2020	<u>18,960</u>
Amortisation for the year	1,133
31 July 2021	<u>20,093</u>
Net book value	
31 July 2020	<u>2,785</u>
31 July 2021	<u>1,741</u>

14. Leasehold rights/Right-of-use assets

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Cost	668,000	668,000
Less: Accumulated amortisation	(60,716)	(38,466)
Book value - net	<u>607,284</u>	<u>629,534</u>

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Net book value as at beginning of the year	629,534	651,846
Amortisation for the year	(22,250)	(22,312)
Net book value as at end of the year	<u>607,284</u>	<u>629,534</u>

The Company entered into a long-term lease agreement for lease of land and building on which are the current operation hospital building 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)	
	<u>2021</u>	<u>2020</u>
Trade payables - unrelated parties	95,485	60,095
Other payables - unrelated parties	17,892	16,087
Accounts payable - construction and equipment purchase	9,682	12,530
Accrued expenses	38,175	37,875
Total trade and other payables	<u>161,234</u>	<u>126,587</u>

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 2019	77,054	4,123	81,177
Current service cost	10,177	486	10,663
Interest cost	1,697	88	1,785
Actuarial loss arising from			
Financial assumptions changes	5,648	136	5,784
Benefits paid during the year	(1,307)	(551)	(1,858)
As at 31 July 2020	93,269	4,282	97,551
Current service cost	12,230	593	12,823
Past service cost from plan changes	-	2,461	2,461
Interest cost	1,476	65	1,541
Actuarial (gain) loss arising from			
financial assumptions changes	(11,805)	519	(11,286)
Benefits paid during the year	(7,987)	(762)	(8,749)
As at 31 July 2021	87,183	7,158	94,341

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

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Current service cost	12,823	10,663
Past service cost from plan changes	2,461	-
Interest cost	1,541	1,785
Actuarial losses	519	136
Total expenses recognised in profit or loss	<u>17,344</u>	<u>12,584</u>
Line items in profit or loss under which such expenses are included		
Cost of hospital operations	11,359	8,038
Administrative expenses	5,985	4,546

The Company expects to pay Baht 5.18 million of long-term employee benefits during the next year (2020: Baht 8.45 million).

As at 31 July 2021, the weighted average duration of the liabilities for long-term employee benefits is 14 years (2020: 14 years).

Key actuarial assumptions used for the valuation are as follows:

	<u>2021</u>	<u>2020</u>
	(% per annum)	(% per annum)
Discount rate	2.16	1.67
Future salary increase rate	3.60	4.50
Staff turnover rate (depending on age of employees)	0.00 - 25.00	0.00 - 25.00

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 July 2021 and 2020 are summarised below.

	(Unit: Million Baht)			
	<u>2021</u>		<u>2020</u>	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(4.4)	4.8	(4.8)	5.2
	<u>Increase 1.0%</u>	<u>Decrease 1.0%</u>	<u>Increase 1.0%</u>	<u>Decrease 1.0%</u>
Future salary increase rate	7.8	(6.8)	9.9	(8.6)
	<u>Increase 10%</u>	<u>Decrease 10%</u>	<u>Increase 10%</u>	<u>Decrease 10%</u>
Staff turnover rate	(3.2)	3.5	(5.0)	5.5

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)	
	<u>2021</u>	<u>2020</u>
Salaries and wages and other employee benefits	524,243	542,253
Cost of doctors' fee	541,562	533,094
Cost of medicines and medical supplies, supplies and others	354,987	364,754
Depreciation and amortisation	86,480	87,127
Service fees for outside treatments	19,809	22,564
General supplies	38,769	24,896
Other expenses	139,018	146,948

19. Income tax

Income tax expenses for the years ended 31 July 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Current income tax:		
Current income tax charge	66,049	60,941
Adjustment in respect of income tax previous year	58	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,306)	(1,446)
Income tax expenses reported in the income statements	<u>64,801</u>	<u>59,495</u>

The amount of income tax relating to each component of other comprehensive income for the year ended 31 July 2021 and 2020 are as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Deferred tax on actuarial (gain) loss	(2,361)	1,130

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

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Accounting profit before tax	358,217	315,830
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	71,643	63,166
Adjustment in respect of income tax previous year	58	-
Effects of:		
Non-deductible expenses	169	604
Additional expenses deductions allowed	(7,069)	(4,275)
Total	(6,900)	(3,671)
Income tax expenses reported in the statements of comprehensive income	64,801	59,495

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Deferred tax assets		
Allowance for doubtful accounts	1,178	453
Provision for long-term employee benefits	18,868	19,510
Accumulated depreciation - equipment	816	1,062
Other	88	-
Total	20,950	21,025

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 2019	Annual General Meeting of the shareholders on 21 November 2019	99.0	0.55
Total dividends for 2020		99.0	0.55
Final dividends for 2020	Annual General Meeting of the shareholders on 19 November 2020	81.0	0.45
Total dividends for 2021		81.0	0.45

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 2021 and 2020, 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 whereby both the employees and the Company are to 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 employment termination in accordance with the fund rules.

On 5 May 2020, the notification of the Ministry of Finance governing determination of business types, period and conditions for employees or employers to suspend or postpone respective contribution to provident fund in areas affected by economic crisis, public disasters, or events affecting economic situation was announced in the Royal Gazette. The notification stipulates that employees or employers financially affected by the Covid-19 situation may suspend or postpone their respective contribution to provident fund on a temporary basis, starting from the current contribution period until the contribution period in December 2020. Even though the employees' and their employers' contributions are suspended or postponed during this period, their contributions may continue on a regular basis. At present, such period has been extended to December 2021.

During the year ended 31 July 2021, the Company had no contribution expenses in profit or loss (During the year ended 31 July 2021, the contributions of Baht 3.31 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	
	<u>2021</u>	<u>2020</u>
Payable:		
In up to 1 year	12.5	10.6
In over 1 year and up to 3 years	1.4	1.2

24.2 Capital Commitments

As at 31 July 2021, the Company had capital commitments of Baht 271.7 million (2020: Baht 22.1 million) in respect of the acquisitions of medical equipment and facility systems.

24.3 Guarantees

- (a) As at 31 July 2021, the Company had credit facilities with a commercial bank for overdrafts of Baht 20.0 million and short-term loans of Baht 10.0 million (2020: Credit facilities with a commercial bank for overdrafts of Baht 20.0 million and short-term loans of Baht 10.0 million).
- (b) As at 31 July 2021, the Company had outstanding bank guarantees of approximately 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. (2020: 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).

25. Financial instruments

25.1 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, other current financial assets, trade and other accounts receivable and trade, other accounts payable. 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 accounts receivable, deposits with banks and financial institutions. The Company's maximum exposure relating to derivatives is noted in the liquidity risk topic.

Trade receivables

The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and the Company does not have high concentrations of credit risk since it has a large customer base in various industries.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Company classifies customer segments by customer type and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and not subject to enforcement activity.

Financial instruments and cash deposits

The Company manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

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 2021					
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	-	361.75	4.99	366.74	0.05 - 1.09
Trade and other receivables	-	-	260.32	260.32	-
Other current financial assets	720.50	-	-	720.50	0.50 - 1.45
	<u>720.50</u>	<u>361.75</u>	<u>265.31</u>	<u>1,347.56</u>	
Financial liabilities					
Trade and other payables	-	-	161.23	161.23	
	<u>-</u>	<u>-</u>	<u>161.23</u>	<u>161.23</u>	
					(Unit: Million Baht)
As at 31 July 2020					
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	-	305.07	6.97	312.04	0.05 - 1.15
Trade and other receivables	620.35	25.29	-	645.64	0.60 - 2.15
Other current financial assets	-	-	119.92	119.92	-
	<u>620.35</u>	<u>330.36</u>	<u>126.89</u>	<u>1,077.60</u>	
Financial liabilities					
Trade and other payables	-	-	126.59	126.59	-
	<u>-</u>	<u>-</u>	<u>126.59</u>	<u>126.59</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.

Liquidity risk

The Company monitors its liquidity requirements to ensure it has sufficient cash to meet operational needs. The Company assesses the concentration of risk with respect to refinancing its debt (if any) and concludes it to be low. The Company has access to a sufficient variety of funding sources.

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. 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 2021, the Company's debt-to-equity ratio was 0.19:1 (2020: 0.16:1).

27. Event after the reporting period

On 17 September 2021, the Meeting of the Board of Directors of the Company passed a resolution approving the dividend payment for the year 2021 to the Company's shareholders at Baht 0.5 per share or a total of Baht 90 million. The payment of dividend will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

28. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 17 September 2021.