

Thai Nakin Hospital Public Company Limited  
and its subsidiary  
Report and consolidated financial statements  
31 July 2022

## **Independent Auditor's Report**

To the Shareholders of Thai Nakarin Hospital Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Thai Nakarin Hospital Public Company Limited and its subsidiary (“the Group”), which comprise the consolidated statement of financial position as at 31 July 2022, and the related consolidated statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thai Nakarin Hospital Public Company Limited for the same period.

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 and its subsidiary and of Thai Nakarin Hospital Public Company Limited as at 31 July 2022, their 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 Group 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 especially revenue with contract companies, insurance companies and government agencies, 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 types 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 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 have performed substantive procedure. 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. In addition, I also performed analytical procedures of disaggregated data and performed analytical procedures for significant revenue ratios with the past information and industry to detect possible irregularities in revenues from sales and services throughout the period. In addition, I have performed the test of journal entries related to revenue recognition throughout the period.

#### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group 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 Group, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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: 28 September 2022

**Thai Nakarin Hospital Public Company Limited and its subsidiary**

**Statement of financial position**

**As at 31 July 2022**

(Unit: Baht)

		<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	<u>Note</u>	<u>31 July 2022</u>	<u>31 July 2022</u>	<u>31 July 2021</u>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	7	699,567,799	697,018,707	366,743,717
Trade and other receivables	6, 8	360,767,734	360,588,039	260,321,289
Inventories	9	36,171,511	36,171,511	36,428,514
Other current financial assets	10	472,547,148	472,547,148	720,495,000
Other current assets		<u>1,532,591</u>	<u>1,532,591</u>	<u>14,625,216</u>
<b>Total current assets</b>		<u><b>1,570,586,783</b></u>	<u><b>1,567,857,996</b></u>	<u><b>1,398,613,736</b></u>
<b>Non-current assets</b>				
Investment in subsidiary	11	-	999,700	-
Property, plant and equipment	12	778,999,187	778,999,187	521,844,179
Intangible assets	13	3,373,662	3,373,662	1,740,616
Right-of-use assets	14	592,179,606	592,179,606	607,283,811
Deferred tax assets	19	24,446,290	24,446,290	20,949,828
Other non-current assets		<u>99,335</u>	<u>99,335</u>	<u>207,535</u>
<b>Total non-current assets</b>		<u><b>1,399,098,080</b></u>	<u><b>1,400,097,780</b></u>	<u><b>1,152,025,969</b></u>
<b>Total assets</b>		<u><b>2,969,684,863</b></u>	<u><b>2,967,955,776</b></u>	<u><b>2,550,639,705</b></u>

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

**Thai Nakarin Hospital Public Company Limited and its subsidiary**

**Statement of financial position (continued)**

**As at 31 July 2022**

(Unit: Baht)

	Note	Consolidated financial statements		
		31 July 2022	31 July 2022	31 July 2021
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Trade and other payables	15	210,247,201	209,131,536	161,233,632
Doctor fee payable	6	106,571,768	106,571,768	79,549,567
Income tax payable		26,801,515	26,709,558	30,621,501
Other current liabilities		31,154,517	31,154,517	35,199,408
<b>Total current liabilities</b>		<b>374,775,001</b>	<b>373,567,379</b>	<b>306,604,108</b>
<b>Non-current liabilities</b>				
Provision for long-term employee benefits	16	102,956,186	102,956,186	94,341,465
Other non-current liabilities		7,954,109	7,954,109	1,045,970
<b>Total non-current liabilities</b>		<b>110,910,295</b>	<b>110,910,295</b>	<b>95,387,435</b>
<b>Total liabilities</b>		<b>485,685,296</b>	<b>484,477,674</b>	<b>401,991,543</b>
<b>Shareholders' equity</b>				
Share capital				
Registered				
180,000,000 ordinary shares of Baht 1 each		180,000,000	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	180,000,000
Share premium		20,537,768	20,537,768	20,537,768
Retained earnings				
Appropriated - statutory reserve	17	18,000,000	18,000,000	18,000,000
Unappropriated		2,265,461,499	2,264,940,334	1,930,110,394
<b>Equity attributable to owners of the Company</b>		<b>2,483,999,267</b>	<b>2,483,478,102</b>	<b>2,148,648,162</b>
<b>Non-controlling interests of the subsidiary</b>		<b>300</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>		<b>2,483,999,567</b>	<b>2,483,478,102</b>	<b>2,148,648,162</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,969,684,863</b>	<b>2,967,955,776</b>	<b>2,550,639,705</b>

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

Directors

Thai Nakin Hospital Public Company Limited and its subsidiary

Statement of comprehensive income

For the year ended 31 July 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2022	2021	2021
<b>Profit and loss:</b>					
<b>Revenues</b>					
Revenues from hospital operations		2,586,900,782	2,586,900,782	2,043,840,575	
Other income		17,737,795	13,937,854	13,008,744	
<b>Total revenues</b>		<u>2,604,638,577</u>	<u>2,600,838,636</u>	<u>2,056,849,319</u>	
<b>Expenses</b>					
Cost of hospital operations	18	1,817,932,207	1,814,829,112	1,514,462,054	
Administrative expenses		264,313,623	264,228,602	190,405,644	
<b>Total expenses</b>		<u>2,082,245,830</u>	<u>2,079,057,714</u>	<u>1,704,867,698</u>	
<b>Operating profit</b>		522,392,747	521,780,922	351,981,621	
Finance income		4,501,421	4,500,111	6,235,573	
<b>Profit before income tax expenses</b>		526,894,168	526,281,033	358,217,194	
Income tax expenses	19	(101,543,063)	(101,451,093)	(64,801,374)	
<b>Profit for the year</b>		<u>425,351,105</u>	<u>424,829,940</u>	<u>293,415,820</u>	
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain	16	-	-	11,805,113	
Less: Income tax effect	19	-	-	(2,361,023)	
Actuarial gain - net of income tax		-	-	9,444,090	
<b>Other comprehensive income for the year</b>		-	-	9,444,090	
<b>Total comprehensive income for the year</b>		<u>425,351,105</u>	<u>424,829,940</u>	<u>302,859,910</u>	
<b>Basic earnings per share</b>					
Profit	20	2.36	2.36	1.63	
Weighted average number of ordinary shares (shares)		<u>180,000,000</u>	<u>180,000,000</u>	<u>180,000,000</u>	

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



Thai Nakin Hospital Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the year ended 31 July 2022

(Unit: Baht)

<b>Consolidated financial statements</b>							
	Issued and paid-up	Share premium	Retained earnings		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Note	share capital	Share premium	statutory reserve	Appropriated - Unappropriated	the Company	the subsidiaries	equity
<b>Balance as at 1 August 2021</b>	180,000,000	20,537,768	18,000,000	1,930,110,394	2,148,648,162	-	2,148,648,162
Profit for the year	-	-	-	425,351,105	425,351,105	-	425,351,105
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	425,351,105	425,351,105	-	425,351,105
Dividend paid	-	-	-	(90,000,000)	(90,000,000)	-	(90,000,000)
Non-controlling interest of new subsidiary	-	-	-	-	-	300	300
<b>Balance as at 31 July 2022</b>	<b>180,000,000</b>	<b>20,537,768</b>	<b>18,000,000</b>	<b>2,265,461,499</b>	<b>2,483,999,267</b>	<b>300</b>	<b>2,483,999,567</b>

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

**Thai Nakarin Hospital Public Company Limited and its subsidiary**

**Statement of cash flows**

**For the year ended 31 July 2022**

(Unit: Baht)

	<b>Consolidated</b>		
	<b>financial</b>		
	<b>statements</b>	<b>Separate financial statements</b>	
	<u>2022</u>	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>			
Profit before tax	526,894,168	526,281,033	358,217,194
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation expenses	87,689,874	87,689,874	86,480,353
Allowance for expected credit losses	13,178,225	13,178,225	899,213
Long-term employee benefit expenses	13,759,067	13,759,067	17,343,934
(Gain) loss on disposals of equipment	667,307	667,307	(2,672,334)
Interest income	<u>(4,501,421)</u>	<u>(4,500,111)</u>	<u>(6,235,573)</u>
Profit from operating activities before changes in operating assets and liabilities	637,687,220	637,075,395	454,032,787
Decrease (increase) in operating assets			
Trade and other receivables	(114,195,389)	(114,015,694)	(146,184,739)
Inventories	257,003	257,003	(3,010,936)
Other current assets	13,092,625	13,092,625	(14,525,287)
Other non-current assets	108,200	108,200	65,800
Increase (decrease) in operating liabilities			
Trade and other payables	9,382,138	8,266,473	37,495,008
Doctor fee payable	27,022,201	27,022,201	6,445,273
Other current liabilities	(4,044,891)	(4,044,891)	34,268,238
Provision for long-term employee benefits	(5,144,346)	(5,144,346)	(8,748,710)
Other non-current liabilities	<u>6,908,139</u>	<u>6,908,139</u>	<u>76,540</u>
Cash from operating activities	571,072,900	569,525,105	359,913,974
Cash paid for income tax	<u>(108,859,511)</u>	<u>(108,859,498)</u>	<u>(50,476,987)</u>
<b>Net cash from operating activities</b>	<u>462,213,389</u>	<u>460,665,607</u>	<u>309,436,987</u>

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

**Thai Nakarin Hospital Public Company Limited and its subsidiary**

**Statement of cash flows (continued)**

**For the year ended 31 July 2022**

(Unit: Baht)

	<b>Consolidated</b>		
	<b>financial</b>	<b>Separate financial statements</b>	
	<u>2022</u>	<u>2022</u>	<u>2021</u>
<b>Cash flows from investing activities</b>			
Increase in investment in subsidiary	-	(999,700)	-
Interest received	5,072,140	5,070,830	6,222,849
Net decrease (increase) in other current financial assets	247,947,852	247,947,852	(74,857,224)
Cash paid for purchases of building improvement and equipment	(283,290,614)	(283,290,614)	(108,810,549)
Cash paid for purchase of intangible assets	(2,317,085)	(2,317,085)	(89,078)
Increase in right-of-use assets	(7,348,000)	(7,348,000)	-
Cash received from disposals of equipment	546,100	546,100	3,801,800
<b>Net cash used in investing activities</b>	<u>(39,389,607)</u>	<u>(40,390,617)</u>	<u>(173,732,202)</u>
<b>Cash flows from financing activities</b>			
Dividend paid	(90,000,000)	(90,000,000)	(81,000,000)
Cash received from non-controlling interest of subsidiary	300	-	-
<b>Net cash used in financing activities</b>	<u>(89,999,700)</u>	<u>(90,000,000)</u>	<u>(81,000,000)</u>
<b>Net increase in cash and cash equivalents</b>	332,824,082	330,274,990	54,704,785
Cash and cash equivalents at beginning of year	366,743,717	366,743,717	312,038,932
<b>Cash and cash equivalents at end of year (Note 8)</b>	<u><u>699,567,799</u></u>	<u><u>697,018,707</u></u>	<u><u>366,743,717</u></u>
<b>Supplemental cash flows information</b>			
Non-cash items			
Write-off trade receivables as bad debts	3,707,619	3,707,619	2,173,566
Accounts payable - construction and equipment purchase	49,313,225	49,313,225	9,681,794

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

**Thai Nakarin Hospital Public Company Limited and its subsidiary**  
**Notes to financial statements**  
**For the year ended 31 July 2022**

**1. General 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.

**2. Basis of preparation**

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

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Thai Nakarin Hospital Public Company Limited (“the Company”) and the following subsidiary company (“the subsidiary”) (collectively as “the Group”):

Company’s name	Nature of business	Percentage of shareholding
Jatu Charoen Development Company Limited	Health establishment and hotel business, providing elderly and dependency care	99.97

b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.

e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

The separate financial statements present investments in subsidiary under the cost method.

### **3. New financial reporting standards**

#### **(a) Financial reporting standards that became effective in the current period**

During the period, the Group has adopted the 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 adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

#### **(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2022**

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

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

### **4. Significant accounting policies**

#### **4.1 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 sales of goods*

Sales of goods are recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.

#### *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.

### **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 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.

### **4.4 Investment in subsidiary**

Investment in subsidiary is accounted for in the separate financial statements using the cost method less allowance for impairment loss (if any).

#### 4.5 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.

#### 4.6 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

#### **4.7 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.

#### **4.8 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.



#### **4.9 Impairment of non-financial assets**

At the end of each reporting period, the Company 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.

#### **4.10 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.

#### **4.11 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.

#### **4.12 Provisions**

Provisions are recognised when the Group 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.

#### **4.13 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 Group 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 Group 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.14 Financial instruments**

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.

#### **Trade accounts receivable**

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

#### **4.15 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 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.

## **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.

	<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)	
	Consolidated and separate financial statements	
	For the years ended 31 July	
	<u>2022</u>	<u>2021</u>
<b><u>Transactions with related companies and persons</u></b>		
Revenues from hospital operations	16,096	2,432
Rental income	-	210
Doctor fee expenses (directors and management)	15,049	24,903
Medical welfare expenses	4,120	3,500

The balances of accounts as at 31 July 2022 and 2021 between the Company and its related parties are as follows:

	(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements	
	<u>2022</u>	<u>2022</u>	<u>2021</u>
<b><u>Trade receivables - related parties (Note 8)</u></b>			
Related companies (related by common shareholders and directors)	9,628	9,628	2,427
Total trade receivables - related parties	<u>9,628</u>	<u>9,628</u>	<u>2,427</u>
<b><u>Doctor fee payable - related persons</u></b>			
Related persons (directors and management)	929	929	2,243
Total doctor fee payable - related persons	<u>929</u>	<u>929</u>	<u>2,243</u>

**Directors and management's benefits**

During the years ended 31 July 2022 and 2021, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	52,799	52,967
Post-employment benefits	6,095	6,804
Total	<u>58,894</u>	<u>59,771</u>



## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated	Separate financial statements	
	financial statements	2022	2021
Cash	8,218	8,218	4,992
Bank deposits	691,350	688,801	361,752
Total cash and cash equivalents	699,568	697,019	366,744

As at 31 July 2022, bank deposits in savings accounts carried interests between 0.05 and 0.50 percent per annum (2021: between 0.05 and 1.09 percent per annum).

## 8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated	Separate financial statements	
	financial statements	2022	2021
<b><u>Trade receivables - related parties</u></b>			
Aged on the basis of due dates			
Not yet due	-	-	2,427
Past due			
Up to 3 months	2,787	2,787	-
3 - 6 months	6,788	6,788	-
6 - 12 months	53	53	-
Total trade receivables - related parties	9,628	9,628	2,427
<b><u>Trade receivables - unrelated parties</u></b>			
Aged on the basis of due dates			
Not yet due	88,947	88,947	145,211
Past due			
Up to 3 months	94,342	94,342	95,009
3 - 6 months	46,035	46,035	10,748
6 - 12 months	124,724	124,724	5,542
Over 12 months	4,252	4,252	1,254
Total trade receivables - unrelated parties	358,300	358,300	257,764
Less: Allowance for expected credit loss	(15,360)	(15,360)	(5,889)
Total trade receivables - unrelated parties - net	342,940	342,940	251,875
Total trade receivables - net	352,568	352,568	254,302
<b><u>Other receivables</u></b>			
Other receivables - unrelated parties	7,084	6,904	4,332
Accrued interest income	1,116	1,116	1,687
Total other receivables	8,200	8,020	6,019
Total trade and other receivables - net	360,768	360,558	260,321

## 9. Inventories

(Unit: Thousand Baht)

	Consolidated	Separate financial statements	
	financial		
	statements		
	<u>2022</u>	<u>2022</u>	<u>2021</u>
Medicines and medical supplies	33,788	33,788	32,312
Supplies and others	2,384	2,384	4,117
Total	<u>36,172</u>	<u>36,172</u>	<u>36,429</u>

## 10. Other current financial assets

As at 31 July 2022 and 2021, other current financial assets consisted of the following:

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	Other current financial		Interest rate	
	assets		(percent per annum)	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Fixed deposits at financial institutions (6 - 12 months)	472,547	720,495	0.15 - 1.15	0.50 - 1.45
Total other current financial assets	<u>472,547</u>	<u>720,495</u>		

## 11. Investment in subsidiary

On 13 December 2021, the Board of Directors' meeting No. 5/2021 resolved to approve the establishment of a new subsidiary, Jatu Charoen Development Company Limited, which is engaged in health establishment and hotel business, providing elderly and dependency care both onsite and offsite as well as distributions of medicines, supplement products, medical supplies and equipments. The subsidiary has a registered capital of 10,000 shares with a par value of Baht 100 per share, totaling Baht 1 million. The subsidiary registered the establishment with the Department of Business Development, the Ministry of Commerce on 18 February 2022.

## 12. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated and separate financial statements							Total
	Land and land improvements	Buildings and building improvements	Facility systems	Medical accessory equipment	Furniture, fixtures and equipment	Vehicles	Assets under construction and installation	
<b>Cost</b>								
1 August 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
Additions	-	-	4,419	46,814	14,143	3,333	254,213	322,922
Transfer in (transfer out)	-	116,157	12,604	-	3,350	-	(132,111)	-
Disposals and write-off	-	-	(1,643)	(5,272)	(188)	(380)	-	(7,483)
31 July 2022	227,760	250,839	316,052	557,609	174,145	15,425	177,460	1,719,290

(Unit: Thousand Baht)

## Consolidated and separate financial statements

	Land and land improvements	Buildings and building improvements	Facility systems	Medical accessory equipment	Furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
<b>Accumulated depreciation</b>								
1 August 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
Depreciation for the year	40	5,625	8,982	39,765	9,661	481	-	64,554
Depreciation on disposals and write-off	-	-	(748)	(5,037)	(184)	(301)	-	(6,270)
31 July 2022	2,126	126,543	263,982	393,450	142,734	11,456	-	940,291
<b>Net book value</b>								
31 July 2021	225,674	13,764	44,924	157,345	23,583	1,196	58,358	521,844
31 July 2022	225,634	124,296	52,070	164,159	31,411	3,969	177,460	778,999
<b>Depreciation for the year</b>								
2021 (Baht 60.47 million included in cost of hospital operations, and the balance in administrative expenses)								63,097
2022 (Baht 61.24 million included in cost of hospital operations, and the balance in administrative expenses)								64,554



#### 14. Right-of-use assets

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	<u>2022</u>	<u>2021</u>
Cost	675,348	668,000
Less: Accumulated amortisation	(83,168)	(60,716)
Book value - net	<u>592,180</u>	<u>607,284</u>

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	<u>2022</u>	<u>2021</u>
Net book value as at beginning of the year	607,284	629,534
Additions during the period - at cost	7,348	-
Amortisation for the year	(22,452)	(22,250)
Net book value as at end of the year	<u>592,180</u>	<u>607,284</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)		
	Consolidated financial statements	Separate financial statements	
	<u>2022</u>	<u>2022</u>	<u>2021</u>
Trade payables - unrelated parties	93,143	92,383	95,485
Other payables - unrelated parties	23,828	23,828	17,892
Accounts payable - construction and equipment purchase	49,313	49,313	9,682
Accrued expenses	43,963	43,608	38,175
Total trade and other payables	<u>210,247</u>	<u>209,132</u>	<u>161,234</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)

	Consolidated and separate financial statements		
	Retirement benefit plan	Long service award plan	Total
<b>As at 1 August 2020</b>	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)
<b>As at 31 July 2021</b>	87,183	7,158	94,341
Current service cost	11,065	716	11,781
Interest cost	1,831	147	1,978
Benefits paid during the year	(4,412)	(732)	(5,144)
<b>As at 31 July 2022</b>	95,667	7,289	102,956

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

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	<u>2022</u>	<u>2021</u>
Current service cost	11,781	12,823
Past service cost from plan changes	-	2,461
Interest cost	1,978	1,541
Actuarial losses	-	519
Total expenses recognised in profit or loss	<u>13,759</u>	<u>17,344</u>
Line items in profit or loss under which such expenses are included		
Cost of hospital operations	10,543	11,359
Administrative expenses	3,216	5,985

The Company expects to pay Baht 10.82 million of long-term employee benefits during the next year (2021: Baht 5.18 million).

As at 31 July 2022, the weighted average duration of the liabilities for long-term employee benefits is 14 years (2021: 14 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated and separate financial statements	
	<u>2022</u>	<u>2021</u>
	(% per annum)	(% per annum)
Discount rate	2.16	2.16
Future salary increase rate	3.60	3.60
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 2022 and 2021 are summarised below.

(Unit: Million Baht)

	Consolidated and separate financial statements			
	2022		2021	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(4.8)	5.2	(4.4)	4.8
	<u>Increase 1.0%</u>	<u>Decrease 1.0%</u>	<u>Increase 1.0%</u>	<u>Decrease 1.0%</u>
Future salary increase rate	9.4	(8.1)	7.8	(6.8)
	<u>Increase 10%</u>	<u>Decrease 10%</u>	<u>Increase 10%</u>	<u>Decrease 10%</u>
Staff turnover rate	(3.5)	3.8	(3.2)	3.5

## 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)

	Consolidated	Separate financial statements	
	financial statements	2022	2021
Salaries and wages and other employee benefits	618,852	618,852	524,243
Cost of doctors' fee	608,005	608,005	541,562
Cost of medicines and medical supplies, supplies and others	491,979	488,876	354,987
Depreciation and amortisation	87,690	87,690	86,480
Service fees for outside treatments	19,852	19,852	19,809
General supplies	79,271	79,271	38,769
Other expenses	176,597	176,512	139,018

## 19. Income tax

Income tax expenses for the years ended 31 July 2022 and 2021 are made up as follows:

(Unit: Thousand Baht)

	Consolidated	Separate financial statements	
	financial statements	2022	2021
	<u>2022</u>	<u>2022</u>	<u>2021</u>
<b>Current income tax:</b>			
Current income tax charge	105,039	104,947	66,049
Adjustment in respect of income tax previous year	-	-	58
<b>Deferred tax:</b>			
Relating to origination and reversal of temporary differences	(3,496)	(3,496)	(1,306)
<b>Income tax expenses reported in the income statements</b>	<u>101,543</u>	<u>101,451</u>	<u>64,801</u>

The amount of income tax relating to each component of other comprehensive income for the year ended 31 July 2022 and 2021 are as follows:

(Unit: Thousand Baht)

	Consolidated	Separate financial statements	
	financial statements	2022	2021
	<u>2022</u>	<u>2022</u>	<u>2021</u>
Deferred tax on actuarial (gain) loss	-	-	(2,361)

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

(Unit: Thousand Baht)

	Consolidated	Separate financial statements	
	financial statements	2022	2021
	<u>2022</u>	<u>2022</u>	<u>2021</u>
Accounting profit before tax	526,894	526,281	358,217
Applicable tax rate	15%, 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	105,348	105,256	71,643
Adjustment in respect of income tax previous year	-	-	58
Effects of:			
Non-deductible expenses	47	47	169
Additional expenses deductions allowed	(3,852)	(3,852)	(7,069)
Total	<u>(3,805)</u>	<u>(3,805)</u>	<u>(6,900)</u>
Income tax expenses reported in the statements of comprehensive income	<u>101,543</u>	<u>101,451</u>	<u>64,801</u>

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	<u>2022</u>	<u>2021</u>
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	3,072	1,178
Provision for long-term employee benefits	20,591	18,868
Accumulated depreciation - equipment	159	816
Other	624	88
<b>Total</b>	<u>24,446</u>	<u>20,950</u>

## 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 2020	Annual General Meeting of the shareholders on 19 November 2020	81.0	0.45
<b>Total dividends for 2021</b>		<u>81.0</u>	<u>0.45</u>
Final dividends for 2021	Annual General Meeting of the shareholders on 18 November 2021	90.0	0.50
<b>Total dividends for 2022</b>		<u>90.0</u>	<u>0.50</u>

## 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 2022 and 2021, 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. During the year ended 31 July 2022, the contributions of Baht 1.7 million were recognised as expenses in profit or loss. (2022 : the Company had no contribution 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>2022</u>	<u>2021</u>
Payable:		
In up to 1 year	10.0	12.5
In over 1 year and up to 3 years	2.6	1.4

## **24.2 Capital Commitments**

As at 31 July 2022, the Company had capital commitments of Baht 117.4 million (2021: Baht 271.7 million) in respect of the acquisitions of medical equipment, facility systems and construction project.

## **24.3 Guarantees**

- (a) As at 31 July 2022, 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 (2021: 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 2022, 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. (2021: Baht 4.8 million).

## **25. Financial instruments**

### **25.1 Financial risk management objectives and policies**

The Group'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 Group is exposed to credit risk primarily with respect to trade accounts receivable, deposits with banks and financial institutions. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

#### ***Trade receivables***

The Group 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 Group 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 Group 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 Group 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 Group'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 Group's exposure to interest rate risk relates primarily to its deposits at financial institutions. However, most of the Group'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)

Consolidated financial statements					
As at 31 July 2022					
Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)	
<b>Financial assets</b>					
Cash and cash equivalents	-	691.35	8.22	699.57	0.05 - 0.50
Trade and other receivables	-	-	360.77	360.77	-
Other current financial assets	472.55	-	-	472.55	0.15 - 1.15
	472.55	691.35	368.99	1,532.89	
<b>Financial liabilities</b>					
Trade and other payables	-	-	210.25	210.25	-
	-	-	210.25	210.25	

(Unit: Million Baht)

Separate financial statements					
As at 31 July 2022					
Fixed interest rates	Floating interest	Non-interest		Interest rate	
within 1 year	rate	bearing	Total	(% p.a.)	
<b>Financial assets</b>					
Cash and cash equivalents	-	688.80	8.22	697.02	0.05 - 0.50
Trade and other receivables	-	-	360.59	360.59	-
Other current financial assets	472.55	-	-	472.55	0.15 - 1.15
	472.55	688.80	368.81	1,530.16	
<b>Financial liabilities</b>					
Trade and other payables	-	-	209.13	209.13	-
	-	-	209.13	209.13	

(Unit: Million Baht)

Separate financial statements					
As at 31 July 2021					
Fixed interest rates	Floating interest	Non-interest		Interest rate	
within 1 year	rate	bearing	Total	(% p.a.)	
<b>Financial assets</b>					
Cash and cash equivalents	-	361.75	4.99	366.74	0.05 - 1.10
Trade and other receivables	-	-	260.32	260.32	-
Other current financial assets	720.50	-	-	720.50	0.50 - 1.45
	720.50	361.75	265.31	1,347.56	
<b>Financial liabilities</b>					
Trade and other payables	-	-	161.23	161.23	-
	-	-	161.23	161.23	

### **Foreign currency risk**

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

### **Liquidity risk**

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

## **25.2 Fair value of financial instruments**

Since the majority of the Group'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 Group'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 2022, the Group's debt-to-equity ratio was 0.20:1 and the Company's debt-to-equity ratio was 0.20:1 (2021: 0.19:1).

## **27. Event after the reporting period**

On 28 September 2022, the Meeting of the Board of Directors of the Company passed a resolution approving the dividend payment for the year 2022 to the Company's shareholders at Baht 0.60 per share or a total of Baht 108 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 28 September 2022.