

Srivichaivejvivat Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2020

Independent Auditor's Report

To the Shareholders of Srivichaivejvivat Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Srivichaivejvivat Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2020, 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 Srivichaivejvivat 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 Srivichaivejvivat Public Company Limited and its subsidiaries and of Srivichaivejvivat Public Company Limited as at 31 December 2020, 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 Company and its subsidiaries 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.

Emphasis of Matter

I draw attention to Note 28.4 to the consolidated financial statements regarding the cancellation of public health services of National Health Security Office. My opinion is not modified in respect of this matter.

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 matters and how audit procedures respond for each matter are described below.

Estimation of accrued medical treatment income

The Company and its subsidiaries have revenues from the provision of medical services to patients under the government welfare schemes of the Social Security Office and the National Health Security Office. The amounts of such revenues are determined based on government policy, the number of insured persons registered with the Company and its subsidiaries, and statistical information on the services provided by the Company and its subsidiaries. As discussed in Note 9 to the financial statements, as at 31 December 2020, the Company and its subsidiaries had accrued medical treatment income from the two government agencies amounting to Baht 117 million. An estimation of accrued medical treatment income requires management to exercise significant judgement. There is thus a risk of the amount of such accrued income.

I have examined the accrued medical treatment income by

- Assessing and testing the Company and its subsidiaries' internal controls with respect to the estimation of accrued medical treatment income by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Assessing the appropriateness of the criteria, methodology and conditions applied by the Company and its subsidiaries in estimating accrued medical treatment income in accordance with government policy.
- Performing the reasonableness of past estimates of accrued medical income by comparing those estimates with the actual amounts received.

- Examining cash receipt transactions relating to accrued medical treatment income subsequent to the period-end date.

Goodwill

I have focused my audit on the consideration of the impairment of goodwill with indefinite useful lives, as discussed in Notes 14 to the financial statements, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgment in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgment in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the Company and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates.

Other Information

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

Those charged with governance are responsible for overseeing the Company and its subsidiaries' 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 and its subsidiaries' 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 and its subsidiaries' 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 and its subsidiaries 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the Company and its subsidiaries audit. I remain solely responsible for my audit opinion.

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.

Khitsada Lerdwana
Certified Public Accountant (Thailand) No. 4958

EY Office Limited
Bangkok: 22 February 2021

Srivichaivejvivat Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	8	200,160,940	191,157,895	20,555,172	43,974,701
Trade and other receivables	9	354,876,405	363,361,471	173,134,040	186,576,393
Medicine and supplies	10	51,268,754	49,006,676	17,575,852	14,510,514
Other current assets		10,365,163	8,492,917	2,192,884	1,433,600
Total current assets		616,671,262	612,018,959	213,457,948	246,495,208
Non-current assets					
Restricted bank deposits	11	489,400	489,400	-	-
Investments in subsidiaries	12	-	-	410,999,916	410,999,916
Other long-term investment		-	40,500,000	-	40,500,000
Other non-current financial asset		40,905,000	-	40,905,000	-
Property, plant and equipment	13	1,488,027,345	1,249,591,927	885,403,473	762,573,595
Leasehold rights		-	182,367,257	-	-
Right-of-use assets	18	51,752,294	-	3,133,867	-
Goodwill	14	64,863,745	64,863,745	-	-
Deferred tax assets	24	17,738,670	15,304,481	2,959,288	2,573,703
Other non-current assets		30,890,452	44,144,673	25,661,066	30,865,448
Total non-current assets		1,694,666,906	1,597,261,483	1,369,062,610	1,247,512,662
Total assets		2,311,338,168	2,209,280,442	1,582,520,558	1,494,007,870

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

Srivichaivejvivat Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Short-term loan from financial institutions	15	203,300,000	118,000,000	195,000,000	110,000,000
Trade and other payables	16	288,427,503	362,658,746	150,324,530	158,525,433
Current portion of payable from purchase of investment	12	4,973,373	4,714,098	4,973,373	4,714,098
Current portion of long-term loans	17	99,171,369	115,457,474	50,859,848	68,650,367
Current portion of lease liabilities	18	11,728,001	7,343,272	961,979	1,283,259
Income tax payable		18,366,444	19,395,286	4,913,235	8,836,091
Other current liabilities		4,488,325	3,635,129	1,483,153	1,244,393
Total current liabilities		630,455,015	631,204,005	408,516,118	353,253,641
Non-current liabilities					
Payable from purchase of investment, net of current portion	12	22,783,475	27,756,848	22,783,475	27,756,848
Long-term loans, net of current portion	17	131,076,137	187,912,810	41,570,000	61,039,848
Lease liabilities, net of current portion	18	65,803,976	9,151,533	947,962	1,909,942
Provision for long-term employee benefits	19	49,266,939	48,380,956	12,674,296	11,381,588
Deferred tax liabilities	23	7,865,499	8,386,889	4,907,511	5,033,056
Total non-current liabilities		276,796,026	281,589,036	82,883,244	107,121,282
Total liabilities		907,251,041	912,793,041	491,399,362	460,374,923

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

Srivichaivejvivat Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Shareholders' equity					
Share capital					
Registered					
570,666,666 ordinary shares of Baht 1 each		570,666,666	570,666,666	570,666,666	570,666,666
Issued and fully paid					
570,665,433 ordinary shares of Baht 1 each		570,665,433	570,665,433	570,665,433	570,665,433
Share premium		37,938,115	37,938,115	37,938,115	37,938,115
Retained earnings					
Appropriated - statutory reserve	20	50,976,063	44,123,192	50,976,063	44,123,192
Unappropriated		723,095,623	622,926,682	431,217,585	380,906,207
Other components of shareholders' equity		18,993,496	18,669,496	324,000	-
Equity attributable to owners of the Company		1,401,668,730	1,294,322,918	1,091,121,196	1,033,632,947
Non-controlling interests of the subsidiaries		2,418,397	2,164,483	-	-
Total shareholders' equity		1,404,087,127	1,296,487,401	1,091,121,196	1,033,632,947
Total liabilities and shareholders' equity		2,311,338,168	2,209,280,442	1,582,520,558	1,494,007,870
		-	-	-	-

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

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Directors
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Srivichaivejvivat Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Revenues from hospital operations		2,275,671,828	2,480,847,573	922,042,378	1,034,669,818
Dividend income	12	-	-	64,153,116	77,505,511
Other income		14,265,340	22,211,982	3,212,414	4,349,574
Total revenues		2,289,937,168	2,503,059,555	989,407,908	1,116,524,903
Expenses					
Cost of hospital operations		1,727,931,612	1,880,509,753	704,311,632	781,336,536
Selling expenses		58,159,890	77,373,008	22,476,649	26,002,744
Administrative expenses		255,001,950	278,841,973	100,032,122	116,991,760
Total expenses		2,041,093,452	2,236,724,734	826,820,403	924,331,040
Operating profit		248,843,716	266,334,821	162,587,505	192,193,863
Finance cost	21	(21,009,857)	(20,441,489)	(10,112,440)	(14,712,881)
Profit before income tax expenses		227,833,859	245,893,332	152,475,065	177,480,982
Income tax expenses	23	(40,981,929)	(45,470,025)	(15,417,657)	(19,005,959)
Profit for the year		186,851,930	200,423,307	137,057,408	158,475,023
Other comprehensive income:					
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods					
Actuarial gain (losses)	19	749,809	(8,338,125)	-	(1,470,937)
Less: income tax effect	23	(112,471)	1,659,619	-	294,187
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax					
		637,338	(6,678,506)	-	(1,176,750)
Other comprehensive income for the year		637,338	(6,678,506)	-	(1,176,750)
Total comprehensive income for the year		187,489,268	193,744,801	137,057,408	157,298,273
Profit attributable to:					
Equity holders of the Company		186,277,761	199,822,421	137,057,408	158,475,023
Non-controlling interests of the subsidiaries		574,169	600,886		
		186,851,930	200,423,307		
Total comprehensive income attributable to:					
Equity holders of the Company		186,914,971	193,170,709	137,057,408	157,298,273
Non-controlling interests of the subsidiaries		574,297	574,092		
		187,489,268	193,744,801		
Earnings per share					
	24				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.33	0.35	0.24	0.28

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

Srivichaivejvitat Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities				
Profit before tax	227,833,859	245,893,332	152,475,065	177,480,982
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	165,657,065	148,567,949	52,904,130	54,092,631
Allowance for doubtful accounts	-	2,543,363	-	73,945
Allowance for expected credit losses	1,248,941	-	497,749	-
Reduction of medicine and supplies to net realisable value (reversal)	(36,607)	81,750	(22,172)	33,806
Gain on disposals of equipment	(84,470)	(570,457)	-	(403,414)
Loss on write-off of equipment	1,420,408	1,249,571	1,102,458	827,809
Advance for purchase of intangible assets write-off	6,420,000	-	-	-
Withholding tax deducted at source write-off	2,380,140	-	-	-
Reversal of income tax expenses	77,415	-	560	-
Provision for long-term employee benefits	5,004,628	13,586,269	1,292,708	2,492,738
Dividend income from subsidiaries	-	-	(64,153,116)	(77,505,511)
Finance income	(392,004)	(538,240)	(96,488)	(438,879)
Finance cost	21,009,857	20,441,489	10,112,440	14,712,881
Profit from operating activities before changes in operating assets and liabilities	430,539,232	431,255,026	154,113,334	171,366,988
Operating assets (increase) decrease				
Trade and other receivables	7,236,125	(48,508,419)	12,944,604	(38,341,787)
Medicine and supplies	(2,225,471)	662,448	(3,043,166)	921,629
Other current assets	(2,478,995)	4,875,497	(759,284)	901,705
Other non-current assets	(805,798)	(1,224,551)	(35,000)	112,999
Operating liabilities increase (decrease)				
Trade and other payables	(36,074,863)	44,441,685	(3,620,955)	31,438,478
Other current liabilities	853,196	44,959	238,760	111,732
Other non-current liabilities	-	(3,326,287)	-	-
Cash paid for long-term employee benefits	(3,368,836)	(2,309,813)	-	(395,893)
Cash flows from operating activities	393,674,590	425,910,545	159,838,293	166,115,851
Cash paid for income tax	(45,237,236)	(42,028,966)	(19,933,203)	(15,202,162)
Interest income	392,004	536,764	96,488	173,282
Net cash flows from operating activities	348,829,358	384,418,343	140,001,578	151,086,971

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

Srivichaivejvitat Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from investing activities				
Decrease in restricted bank deposits	-	3,400,000	-	-
Interest income	-	1,476	-	265,597
Acquisition of buildings improvement and equipment	(200,769,924)	(183,427,920)	(156,811,357)	(47,198,130)
Cash paid for payable of buildings improvement and equipment	(23,949,353)	(21,972,325)	(18,378,787)	(4,968,707)
Increase in leasehold rights	-	(12,719,701)	-	-
Cash paid for payable of leasehold rights	-	(1,795,762)	-	-
Acquisition of intangible assets	(1,342,705)	(1,029,734)	(100,601)	(996,478)
Cash receipt from dividend of subsidiaries	-	-	64,153,116	77,505,511
Proceeds from sales of equipment	84,500	619,665	-	413,404
Advance for purchase of equipment and intangible assets	(4,942,969)	(9,628,618)	(3,694,471)	(4,314,333)
Cash paid for payable from purchase of investment	(4,714,098)	(4,468,339)	(4,714,098)	(4,468,339)
Interest expenses	(3,444,461)	(4,853,867)	(1,785,902)	(2,031,661)
Net cash flows from (used in) investing activities	(239,079,010)	(235,875,125)	(121,332,100)	14,206,864
Cash flows from financing activities				
Increase in short-term loan from financial institutions	85,300,000	10,000,000	85,000,000	10,000,000
Cash receipt from long-term loans from financial institutions	43,320,000	117,570,000	31,390,000	-
Repayment of long-term loans from financial institutions	(116,442,778)	(100,829,476)	(68,650,367)	(81,755,545)
Repayment of liabilities under finance lease agreements	(13,864,971)	(9,106,200)	(1,283,260)	(1,977,605)
Dividend paid	(79,377,883)	(68,335,114)	(79,377,883)	(68,335,793)
Dividend paid to non-controlling interests of the subsidiaries	(316,226)	(408,189)	-	-
Interest expenses	(19,365,445)	(17,831,661)	(9,167,497)	(12,763,618)
Net cash flows used in financing activities	(100,747,303)	(68,940,640)	(42,089,007)	(154,832,561)
Net increase (decrease) in cash and cash equivalents	9,003,045	79,602,578	(23,419,529)	10,461,274
Cash and cash equivalents at beginning of year	191,157,895	111,555,317	43,974,701	33,513,427
Cash and cash equivalents at end of year	200,160,940	191,157,895	20,555,172	43,974,701
	-	-	-	-
Supplemental cash flows information:				
Non-cash related transactions				
Acquisition of buildings improvement and equipment for which no cash has been paid	15,140,419	23,949,353	13,374,602	18,378,787
Purchase of vehicle under finance lease agreements	-	14,880,000	-	3,365,000
Interest expense capitalisation as cost of assets	1,658,559	2,822,206	749,920	-
Transfer advance for purchase of equipment to equipment	7,485,817	7,866,320	5,471,471	2,376,083
Increase in right-of-use assets from TFRS 16 adoption	63,945,172	-	4,088,913	-

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

Srivichaivejvivat Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
	Note	Equity attributable to owners of the Company				Other components of shareholders' equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
		Issued and paid-up share capital	Share premium	Retained earnings		Difference resulting from business combination under common control	Change in parent's ownership interest in subsidiaries without change in control	Other comprehensive income Gain on investment in equity designated at fair value				Total other components of shareholders' equity
				statutory reserve	Unappropriated							
Balance as at 1 January 2019		570,665,433	37,938,115	36,199,441	506,159,574	37,530,739	(18,861,243)	-	18,669,496	1,169,632,059	1,998,580	1,171,630,639
Profit for the year		-	-	-	199,822,421	-	-	-	-	199,822,421	600,886	200,423,307
Other comprehensive income for the year		-	-	-	(6,651,712)	-	-	-	-	(6,651,712)	(26,794)	(6,678,506)
Total comprehensive income for the year		-	-	-	193,170,709	-	-	-	-	193,170,709	574,092	193,744,801
Dividend paid	27	-	-	-	(68,479,850)	-	-	-	-	(68,479,850)	(408,189)	(68,888,039)
Transferred to statutory reserve	20	-	-	7,923,751	(7,923,751)	-	-	-	-	-	-	-
Balance as at 31 December 2019		570,665,433	37,938,115	44,123,192	622,926,682	37,530,739	(18,861,243)	-	18,669,496	1,294,322,918	2,164,483	1,296,487,401
Balance as at 1 January 2020		570,665,433	37,938,115	44,123,192	622,926,682	37,530,739	(18,861,243)	-	18,669,496	1,294,322,918	2,164,483	1,296,487,401
Cumulative effect of change in accounting policy	4	-	-	-	-	-	-	324,000	324,000	324,000	-	324,000
Balance as at 1 January 2020 - as restated		570,665,433	37,938,115	44,123,192	622,926,682	37,530,739	(18,861,243)	324,000	18,993,496	1,294,646,918	2,164,483	1,296,811,401
Profit for the year		-	-	-	186,277,761	-	-	-	-	186,277,761	574,169	186,851,930
Other comprehensive income for the year		-	-	-	637,210	-	-	-	-	637,210	128	637,338
Total comprehensive income for the year		-	-	-	186,914,971	-	-	-	-	186,914,971	574,297	187,489,268
Dividend paid	27	-	-	-	(79,893,159)	-	-	-	-	(79,893,159)	(320,383)	(80,213,542)
Transferred to statutory reserve	20	-	-	6,852,871	(6,852,871)	-	-	-	-	-	-	-
Balance as at 31 December 2020		570,665,433	37,938,115	50,976,063	723,095,623	37,530,739	(18,861,243)	324,000	18,993,496	1,401,668,730	2,418,397	1,404,087,127

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

Srivichaivejvivat Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

		Separate financial statements						
				Retained earnings		Other components of shareholders' equity	Total	
		Issued and paid-up share capital	Shares premium	Appropriated - statutory reserve	Unappropriated	Other comprehensive income	shareholders'	
Note						Gain on investment in equity designated at fair value	equity	
	Balance as at 1 January 2019	570,665,433	37,938,115	36,199,441	300,011,535	-	944,814,524	
	Profit for the year	-	-	-	158,475,023	-	158,475,023	
	Other comprehensive income for the year	-	-	-	(1,176,750)	-	(1,176,750)	
	Total comprehensive income for the year	-	-	-	157,298,273	-	157,298,273	
	Dividend paid	27	-	-	(68,479,850)	-	(68,479,850)	
	Transferred to statutory reserve	20	-	-	7,923,751	(7,923,751)	-	
	Balance as at 31 December 2019	570,665,433	37,938,115	44,123,192	380,906,207	-	1,033,632,947	
	Balance as at 1 January 2020	570,665,433	37,938,115	44,123,192	380,906,207	-	1,033,632,947	
	Cumulative effect of change in accounting policy	4	-	-	-	324,000	324,000	
	Balance as at 1 January 2020 - as restated	570,665,433	37,938,115	44,123,192	380,906,207	324,000	1,033,956,947	
	Profit for the year	-	-	-	137,057,408	-	137,057,408	
	Other comprehensive income for the year	-	-	-	-	-	-	
	Total comprehensive income for the year	-	-	-	137,057,408	-	137,057,408	
	Dividend paid	27	-	-	(79,893,159)	-	(79,893,159)	
	Transferred to statutory reserve	20	-	-	6,852,871	(6,852,871)	-	
	Balance as at 31 December 2020	570,665,433	37,938,115	50,976,063	431,217,585	324,000	1,091,121,196	

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

Srivichaivejvivat Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2020

1. General information

1.1 Corporate information

Srivichaivejvivat 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 74/5 Moo 4, Phetkasem Road, Omnoi, Krathumbaen, Samutsakorn.

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 and its subsidiaries operate. The Company and its subsidiaries’ management have 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

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions 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 Srivichaivejvivat Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of Shareholding	
			2020 Percent	2019 Percent
Saivichai Development Company Limited	Operating of hospitals	Thailand	99.43	99.43
Srisakornvejvivat Company Limited	Operating of hospitals	Thailand	99.56	99.56
Srivichai Vocational College Company Limited	Operating of vocational school	Thailand	99.98	99.98
The Bangkok Orthopedic Hospital Company Limited	Operating of hospitals	Thailand	100.00	100.00

- b) The Company is deemed to have control over an investee or subsidiaries 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) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries 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.
- 2.3** The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have 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 and its subsidiaries' 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
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Financial Reporting Standard Interpretations:

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

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. They also include stipulations regarding the presentation and disclosure of financial instruments.

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

- Classification and measurement of investments in equity instruments of non-listed company that the Company and its subsidiaries are to measure investment in equity instruments of non-listed company at fair value and classify the investment as financial assets at fair value, through other comprehensive income.
- Recognition of credit losses that the Company and its subsidiaries are 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 and its subsidiaries apply the simplified approach to consider impairment of trade receivables.

The Company and its subsidiaries recognised the cumulative effect of the adoption of this financial reporting standards as an adjustment to retained earnings and other components of shareholders' equity as at 1 January 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.

The Company and its subsidiaries recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

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

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 period from the first quarter to the third quarter of 2020, the Company and its subsidiaries elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Company and its subsidiaries use a simplified approach to determine expected credit losses.
- To measure the fair value of investments in unquoted equity instruments using the fair value as at 1 January 2020.
- Not to use information relating to the COVID-19 situation that may affect the cash flow forecasts used in testing goodwill for impairment.

In the fourth quarter of 2020, the Company and its subsidiaries have 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 December 2020, the Company and its subsidiaries have decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Company and its subsidiaries' 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 and its subsidiaries are 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 3 to the financial statements, during the current year, the Company and its subsidiaries have adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings or other components of equity as at 1 January 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 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

Consolidated financial statements

	31 December 2019	The effect of		1 January 2020
		Financial reporting standards related to financial instruments	TFRS 16	
Statement of financial position				
Assets				
Current assets				
Other current assets	8,493	-	(607)	7,886
Non-current assets				
Other long-term investment	40,500	(40,500)	-	-
Other non-current financial asset	-	40,905	-	40,905
Property, plant and equipment	1,249,592	-	164,323	1,413,915
Leasehold rights	182,367	-	(182,367)	-
Right-of-use assets	-	-	63,945	63,945
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables	362,659	-	(29,725)	332,934
Current portion of lease liabilities	7,343	-	6,639	13,982
Non-current liabilities				
Lease liabilities, net of current portion	9,152	-	68,380	77,532
Deferred tax liabilities	8,387	81	-	8,468
Shareholders' equity				
Other components of shareholders' equity	18,670	324	-	18,994

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2019	The effect of Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Non-current assets				
Other long-term investment	40,500	(40,500)	-	-
Other non-current financial asset	-	40,905	-	40,905
Property, plant and equipment	762,574	-	(4,089)	758,485
Right-of-use assets	-	-	4,089	4,089
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	1,283	-	-	1,283
Non-current liabilities				
Lease liabilities, net of current portion	1,910	-	-	1,910
Deferred tax liabilities	5,033	81	-	5,114
Shareholders' equity				
Other components of shareholders' equity	-	324	-	324

4.1 Financial instruments

Details of the impact on other components of equity as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

	(Unit: Thousand Baht) Consolidated/Separate financial statements
Fair value measurement of investment in equity instrument of non-listed company - net of income tax	324
Impacts on other components of equity due to the adoption of financial reporting standards related to financial instruments	324

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

(Unit: Thousand Baht)

Consolidated financial statements					
Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9				Total
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	
Financial assets as at 1 January 2020					
Cash and cash equivalents	191,158	-	-	191,158	191,158
Trade and other receivables	363,361	-	-	363,361	363,361
Restricted bank deposits	489	-	-	489	489
Other long-term investment	40,500	-	-	-	-
Other non-current financial asset	-	-	40,905	-	40,905
Total financial assets	595,508	-	40,905	555,008	595,913

(Unit: Thousand Baht)

Separate financial statements

	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
Financial assets as at 1 January 2020					
Cash and cash equivalents	43,975	-	-	43,975	43,975
Trade and other receivables	186,576	-	-	186,576	186,576
Other long-term investment	40,500	-	-	-	-
Other non-current financial asset	-	-	40,905	-	40,905
Total financial assets	271,051	-	40,905	230,551	271,456

As at 1 January 2020, the Company and its subsidiaries have not designated any financial liabilities at fair value through profit or loss.

4.2 Leases

Upon initial application of TFRS 16 the Company and its subsidiaries recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company and its subsidiaries' incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Company and its subsidiaries recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<hr/>	<hr/>
Operating lease commitments as at		
31 December 2019	99,106	680
Less: Short-term leases and leases of low-value assets	(947)	(680)
Add: Option to extend lease term	8,273	-
Add: Leases increase during the period	759	-
Less: Deferred interest expenses	(32,172)	-
Increase in lease liabilities due to TFRS 16 adoption	75,019	-
Liabilities under finance lease agreements as at		
31 December 2019	16,495	3,193
Lease liabilities as at 1 January 2020	<hr/> <u>91,514</u>	<hr/> <u>3,193</u>
Weighted average incremental borrowing rate <i>(percent per annum)</i>	2.64 - 6.11	3.79 - 5.40
The above lease liabilities comprise of:		
Current lease liabilities	13,982	1,283
Non-current lease liabilities	77,532	1,910
	<hr/> <u>91,514</u>	<hr/> <u>3,193</u>

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Land	10,721	-
Buildings and buildings improvement	35,292	-
Tools and medical instruments	5,925	-
Motor vehicles	12,007	4,089
Total right-of-use assets	63,945	4,089

5. Significant accounting policies

5.1 Revenue recognition and expense recognition

Revenue for hospital operations

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

Rendering of services

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

Revenue from tuition fees and educational media

Revenues from tuition fees and educational media are recognised over the teaching period.

Rental income

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

Interest 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.

Dividends

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

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 three months or less and not subject to withdrawal restrictions.

5.3 Medicine and supplies

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

5.4 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

5.5 Property, plant and equipment/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 plant and equipment is calculated by reference to their cost on the straight-line basis over the following estimated useful lives:

Buildings	-	20, 40 and 50	years
Buildings improvement	-	5, 20	years
Tools and medical instruments	-	2 - 10	years
Office furniture, fixtures and equipment	-	3, 5	years
Motor vehicles	-	5, 10	years

Depreciation is included in determining income.

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

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 the profit or loss when the asset is derecognised.

5.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.7 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the subsidiary's cash generating units that are expected to benefit from the synergies of the combination. The subsidiary estimates the recoverable amount of each cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

5.8 Leases

At inception of contract, the Company and its subsidiaries assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

Accounting policies adopted since 1 January 2020

The Company and its subsidiaries applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company and its subsidiaries recognise right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

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

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land	-	16 years
Buildings and buildings improvement	-	2 - 12 years
Tools and medical instruments	-	2 - 6 years
Motor vehicles	-	2 - 7 years

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term.

The Company and its subsidiaries discounted the present value of the lease payments by the interest rate implicit in the lease or the Company and its subsidiaries' 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 change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Accounting policies adopted before 1 January 2020

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

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

5.9 Related party transactions

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

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

5.10 Impairment of non-financial assets

At the end of each reporting period, the Company and its subsidiaries perform 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. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of

the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment (except for goodwill), if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate 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 unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

5.11 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

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company and its subsidiaries recognise restructuring-related costs.

5.12 Provisions

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

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

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

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

5.14 Financial instruments

Accounting policies adopted since 1 January 2020

The Company and its subsidiaries initially measure 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 and its subsidiaries’ business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Company and its subsidiaries measure 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 designated at FVOCI (equity instruments)

Upon initial recognition, the Company and its subsidiaries can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

Classification and measurement of financial liabilities

At initial recognition the Company and its subsidiaries’ 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 and its subsidiaries take 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 and its subsidiaries have transferred substantially all the risks and rewards of the asset, or the Company and its subsidiaries have 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.

Impairment of financial assets

For trade receivables, the Company and its subsidiaries apply a simplified approach in calculating ECLs. Therefore, the Company and its subsidiaries do not track changes in credit risk, but instead recognise 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.

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.

Accounting policies adopted before 1 January 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 non-marketable equity securities, which the Company and its subsidiaries classify as other investments, are stated at cost net of allowance for impairment loss (if any).

5.15 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 and its subsidiaries apply a quoted market price in an active market to measure their 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 and its subsidiaries measure fair value using valuation technique 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 categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an 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 and its subsidiaries determine 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:

Accrued medical treatment income

Accrued medical treatment income represents medical income that has not been collected from the Social Security Office and National Health Security Office. The Company and its subsidiaries are not able to determine the certain amount to be collected. In this regard, the management is required to make an estimation of such accrued income in accordance with bases, methods and terms specified by such authority, and consider the amount of the latest actual collection together with the current circumstances.

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

7. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Pricing policy
	financial statements	financial statements	financial statements	financial statements	
	2020	2019	2020	2019	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Medical service income	-	-	6	7	Normal price less certain discount
Dividend income	-	-	64	78	Resolution of the Annual General Meeting of the shareholders of subsidiaries
Medical service expenses	-	-	50	47	Normal price less certain discount
Acquisition of vehicles	-	-	10	-	Market Price
<u>Transactions with related individuals</u>					
Medical service income	-	1	-	-	Normal price less certain discount

As at 31 December 2020 and 2019, the balances of the accounts between the Company, its subsidiaries and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Trade and other receivables - related parties</u>				
(Note 9)				
Subsidiaries	-	-	871	862
Total trade and other receivables - related parties	-	-	871	862
<u>Trade and other payables - related parties</u>				
(Note 16)				
Subsidiaries	-	-	21,131	16,465
Related company and individuals	128	1,204	-	12
Total trade and other payables - related parties	128	1,204	21,131	16,477

Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	33,037	36,173	23,573	25,947
Post-employment benefits	12	9	12	9
Total	33,049	36,182	23,585	25,956

8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash	2,318	2,134	645	677
Bank deposits	197,843	189,024	19,910	43,298
Total	200,161	191,158	20,555	43,975

As at 31 December 2020, the Company and its subsidiaries had bank deposits in saving accounts and fixed deposits which carried interests between 0.05 - 0.55 percent per annum (2019: between 0.10 and 0.75 percent per annum).

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	717	841
Past due				
Up to 3 months	-	-	154	21
Total trade receivables - related parties	-	-	871	862
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	144,908	162,212	46,866	62,616
Past due				
Up to 3 months	36,047	48,742	16,031	26,449
3 - 6 months	4,011	9,138	1,936	6,382
6 - 12 months	1,943	2,783	1,549	922
Over 12 months	1,004	824	608	428
Total	187,913	223,699	66,990	96,797
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	(878)	(200)	(482)	(64)
Total trade receivables - unrelated parties, net	187,035	223,499	66,508	96,733
Total trade receivables, net	187,035	223,499	67,379	97,595

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Other receivables - unrelated parties</u>				
Other receivables	4,499	5,259	2,455	1,721
Accrued income				
Accrued social security income	94,560	96,258	70,587	73,797
Accrued national health security income	22,456	10,943	-	-
Other accrued income	46,637	27,402	32,713	13,463
Total	168,152	139,862	105,755	88,981
Less: Allowance for expected credit losses	(311)	-	-	-
Total other receivables - unrelated parties, net	167,841	139,862	105,755	88,981
Total trade and other receivables, net	354,876	363,361	173,134	186,576

10. Medicine and supplies

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Medicine and supplies - net	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Medicine	25,574	22,779	(306)	(313)	25,268	22,466
Medical supplies	21,787	23,034	(53)	(93)	21,734	22,941
Other supplies	4,286	3,609	(19)	(9)	4,267	3,600
Total	51,647	49,422	(378)	(415)	51,269	49,007

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Medicine and supplies - net	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Medicine	10,462	9,129	(140)	(162)	10,322	8,967
Medical supplies	6,049	4,929	(17)	(17)	6,032	4,912
Other supplies	1,222	632	-	-	1,222	632
Total	17,733	14,690	(157)	(179)	17,576	14,511

During the current year, the Company and its subsidiaries reduced cost of medicine and supplies by Baht 0.9 million (2019: Baht 1 million) (The Company only: Baht 0.7 million and 2019: Baht 0.7 million), to reflect the net realisable value. This was included in cost of hospital operations. In addition, the Company and its subsidiaries reversed the write-down of cost of medicine and supplies by Baht 1 million (2019: Baht 0.9 million) (The Company only: Baht 0.7 million and 2019: Baht 0.7 million), and reduced the amount of medicine and supplies recognised as expenses during the year.

11. Restricted bank deposits

These represent bank deposits pledged with the bank to secure bank guarantees issued by that bank on behalf of the subsidiary.

12. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	2020	2019	2020	2019	2020	2019	2020	2019
			(%)	(%)				
Saivichai Development Company Limited	150,000	150,000	99.43	99.43	159,526	159,526	45,937	54,588
Srisakornvejvivat Company Limited	99,200	99,200	99.56	99.56	108,506	108,506	13,037	21,728
Srivichai Vocational College Company Limited	100	100	99.98	99.98	100	100	284	377
The Bangkok Orthopedic Hospital Company Limited	9,000	9,000	100.00	100.00	142,868	142,868	4,895	813
Total					411,000	411,000	64,153	77,506

The company had agreement to pay the unpaid amount of business acquisition for the Bangkok Orthopedic Hospital Company Limited of Baht 58.5 million in 9 annual installments of Baht 6.5 million each, starting from 2016.

13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land	Buildings and buildings improvement	Buildings improvement on right-of-use assets	Tools and medical Instruments	Office furniture, fixtures and equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:								
1 January 2019	371,064	891,151	-	581,112	285,293	107,573	76,943	2,313,136
Additions/Transfer from advance	-	3,215	-	54,444	29,691	10,810	131,964	230,124
Reclassify	-	-	-	-	-	-	(619)	(619)
Disposals/write-off	-	(870)	-	(17,957)	(11,201)	(5,547)	-	(35,575)
Transfers in (out)	-	9,390	-	1,125	2,866	-	(13,381)	-
Capitalised interest	-	-	-	-	-	-	2,822	2,822
31 December 2019	371,064	902,886	-	618,724	306,649	112,836	197,729	2,509,888
The adjustments of right-of-use assets due to TFRS 16 adoption (Note 4)	-	-	267,474	(3,600)	-	(17,366)	1,406	247,914
1 January 2020	371,064	902,886	267,474	615,124	306,649	95,470	199,135	2,757,802
Additions/Transfer from advance	-	661	641	34,743	13,610	1,076	172,665	223,396
Disposals/write-off	-	(1,848)	-	(13,516)	(11,282)	(790)	(736)	(28,172)
Transfers in (out)	-	138,702	9,215	172	11,698	-	(159,787)	-
Capitalised interest	-	-	-	-	-	-	1,659	1,659
31 December 2020	371,064	1,040,401	277,330	636,523	320,675	95,756	212,936	2,954,685

(Unit: Thousand Baht)

Consolidated financial statements

	Land	Buildings and improvement on buildings	Buildings improvement on right-of-use assets	Tools and medical Instruments	Office furniture, fixtures and equipment	Motor vehicles	Assets under installation and under construction	Total
Accumulated depreciation:								
1 January 2019	-	503,313	-	361,716	233,802	69,738	-	1,168,569
Depreciation for the year	-	24,776	-	66,959	23,859	10,409	-	126,003
Depreciation on disposals/write-off	-	(859)	-	(17,010)	(10,877)	(5,530)	-	(34,276)
31 December 2019	-	527,230	-	411,665	246,784	74,617	-	1,260,296
The adjustments of right-of-use assets due to TFRS 16 adoption (Note 4)	-	-	89,013	(63)	-	(5,359)	-	83,591
1 January 2020	-	527,230	89,013	411,602	246,784	69,258	-	1,343,887
Depreciation for the year	-	28,109	19,550	67,891	27,187	6,786	-	149,523
Depreciation on disposals/write-off	-	(1,839)	-	(12,794)	(11,053)	(1,066)	-	(26,752)
31 December 2020	-	553,500	108,563	466,699	262,918	74,978	-	1,466,658
Net book value:								
31 December 2019	371,064	375,656	-	207,059	59,865	38,219	197,729	1,249,592
31 December 2020	371,064	486,901	170,886	169,824	57,757	20,778	210,817	1,488,027
Depreciation for the year								
2019 (Baht 105 million included in cost of hospital operations, and the balance in selling and administrative expenses)								126,003
2020 (Baht 127 million included in cost of hospital operations, and the balance in selling and administrative expenses)								149,523

(Unit: Thousand Baht)

Separate financial statements

	Land	Buildings and buildings improvement	Tools and medical instruments	Office furniture, fixtures and equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2019	286,127	598,893	163,100	76,368	29,189	42,612	1,196,289
Additions/Transfer from advance	-	2,663	17,820	6,680	3,779	40,376	71,318
Write-off	-	(60)	(3,411)	(2,084)	(4,215)	-	(9,770)
Transfers in (out)	-	3,591	-	-	-	(3,591)	-
31 December 2019	286,127	605,087	177,509	80,964	28,753	79,397	1,257,837
The adjustments of right-of-use assets due to TFRS 16 adoption (Note 4)	-	-	-	-	(4,766)	-	(4,766)
1 January 2020	286,127	605,087	177,509	80,964	23,987	79,397	1,253,071
Additions/Transfer from advance	-	409	24,094	5,923	9,670	135,561	175,657
Capitalised interest	-	-	-	-	-	750	750
Disposals/Write-off	-	-	(2,761)	(1,203)	(7)	(736)	(4,707)
Transfers in (out)	-	3,415	-	898	-	(4,313)	-
31 December 2020	286,127	608,911	198,842	86,582	33,650	210,659	1,424,771
Accumulated depreciation:							
1 January 2019	-	260,219	113,452	58,652	21,290	-	453,613
Depreciation for the year	-	18,946	19,404	9,091	3,141	-	50,582
Depreciation on disposals/write-off	-	(48)	(2,649)	(2,021)	(4,214)	-	(8,932)
31 December 2019	-	279,117	130,207	65,722	20,217	-	495,263
The adjustments of right-of-use assets due to TFRS 16 adoption (Note 4)	-	-	-	-	(677)	-	(677)
1 January 2020	-	279,117	130,207	65,722	19,540	-	494,586
Depreciation for the year	-	19,389	18,763	8,246	1,989	-	48,387
Depreciation on disposals/write-off	-	-	(2,412)	(1,186)	(7)	-	(3,605)
31 December 2020	-	298,506	146,558	72,782	21,522	-	539,368

(Unit: Thousand Baht)

Separate financial statements

	Land	Buildings and buildings improvement	Tools and medical instruments	Office furniture, fixtures and equipment	Motor vehicles	Assets under installation and under construction	Total
Net book value:							
31 December 2019	286,127	325,970	47,302	15,242	8,536	79,397	762,574
31 December 2020	286,127	310,405	52,284	13,800	12,128	210,659	885,403
Depreciation for the year							
2019 (Baht 41 million included in cost of hospital operations, and the balance in selling and administrative expenses)							50,582
2020 (Baht 41 million included in cost of hospital operations, and the balance in selling and administrative expenses)							48,387

As at 31 December 2020, certain items of buildings improvement and equipment were fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 648 million (2019: Baht 602 million) (The Company only: Baht 202 million and 2019: Baht 165 million).

The Company and its subsidiaries have pledged part of their land with constructions thereon, their book values as at 31 December 2020 are Baht 1,066 million (2019: Baht 946 million) (Separate financial statements: Baht 802 million, 2019: Baht 688 million), as collateral against credit facilities received from the commercial bank, and credit facilities of its subsidiaries.

14. Goodwill

Goodwill of The Bangkok Orthopedic Hospital Company Limited (a subsidiary) from a business acquisition, amounting to Baht 65 million, consisted of the business opportunities provided by acquiring a hospital ready to operate immediately from the acquisition date and future business expansion.

The recoverable amounts of the CGUs were determined based on value in use calculations made using cash flow projections covering a five-year period extracted from financial budgets approved by the management.

Key assumptions used in the value in use calculation are summarised below:

	(Unit: percent per annum)
	The Bangkok Orthopedic Hospital Company Limited
	<hr/>
Growth rate	4.40 - 10.17
Discount rate	10.42

The management determined the growth rate based on historical operating results and expected market growth. The discount rate used reflects the risks specific to hospital business.

The management determined that there was no impairment of goodwill from the business acquisition.

15. Short-term loans from financial institutions

	Interest rate (percent per annum)	(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
Short-term loans from financial institutions	2.00% - 3.10%, MOR - 2.00%	<u>203,300</u>	<u>118,000</u>	<u>195,000</u>	<u>110,000</u>
Total		<u>203,300</u>	<u>118,000</u>	<u>195,000</u>	<u>110,000</u>

Short-term loans from financial institutions are secured by the pledge of part of land with constructions and part of right-of-use assets thereon of a subsidiary and guarantee provided by the Company and directors of the Company.

16. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade payables - related parties	20	1,040	21,131	16,465
Trade payables - unrelated parties	157,576	154,385	66,145	62,717
Other payables - related individuals	108	164	-	12
Other payables - unrelated parties	31,033	48,365	9,883	15,777
Doctor fee payables	42,939	47,536	17,617	19,244
Accrued expenses	56,752	111,169	35,549	44,310
Total trade and other payables	<u>288,428</u>	<u>362,659</u>	<u>150,325</u>	<u>158,525</u>

17. Long-term loans

Loan	Interest rate (percent per annum)	Repayment schedule	(Unit: Thousand Baht)			
			Consolidated		Separate	
			financial statements	financial statements	financial statements	financial statements
			2020	2019	2020	2019
Srivichaivejvivat Public Company Limited						
1	MLR-1.25 to MLR-1	Monthly installments as from October 2015	-	11,250	-	11,250
2	MLR-1.25 to MLR-1	Monthly installments as from January 2016	-	15,000	-	15,000
3	MLR-1	Monthly installments as from January 2016	4,400	13,520	4,400	13,520
4	MLR-1	Monthly installments as from April 2016	-	3,000	-	3,000
5	MLR-0.75	Monthly installments as from July 2016	49,820	69,860	49,820	69,860
6	4.50%	Monthly installments as from September 2018	6,820	17,060	6,820	17,060
7	MLR-1.25 to MLR-1	Monthly installments as from June 2021	31,390	-	31,390	-
Saivichai Development Company Limited						
8	MLR-1	Monthly installments as from November 2017	8,198	10,346	-	-
9	MLR-1	Monthly installments as from November 2018	14,870	25,730	-	-
10	MLR-1	Monthly installments as from August 2019	9,500	15,500	-	-
Srisakornvejvivat Company Limited						
11	MLR-1.25 to MLR-1	Monthly installments as from September 2019	2,275	6,775	-	-
12	MLR-1.25 to MLR-1	Monthly installments as from February 2020	75,700	81,670	-	-
13	MLR-1.25 to MLR-1	Monthly installments as from August 2020	2,750	-	-	-
The Bangkok Orthopedic Hospital Company Limited						
14	MLR-2.65 to MLR-1.50	Monthly installments as from September 2019	17,016	24,291	-	-
15	MLR -1.50	Monthly installments as from September 2019	7,508	9,368	-	-
Total			230,247	303,370	92,430	129,690
Less: Portion due within one year			(99,171)	(115,457)	(50,860)	(68,650)
Long-term loans, net of current portion			131,076	187,913	41,570	61,040

The loans are secured by the pledge of part of the land with constructions thereon of the Company and two subsidiaries, part of right-of-use assets of a subsidiary, and guaranteed provided by the Company.

Under loan agreements of two subsidiaries, the Company (as a guarantor) and two subsidiaries are required to comply with several covenants specified in the agreements, including maintenance of a certain debt-to-equity ratio and maintenance of the Company's shareholding in a subsidiary.

As at 31 December 2020, the Company and two subsidiaries had long-term credit facilities under loan agreements which have not yet been drawn down amounting to Baht 302 million (2019: Baht 345 million) (Separate financial statements: Baht 269 million, 2019: Baht 300 million).

18. Leases

The company and its subsidiaries have lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 2 - 16 years.

a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land	Buildings and buildings improvement	Tools and medical instruments	Motor vehicles	Total
1 January 2020	10,721	35,292	5,925	12,007	63,945
Depreciation for the year	(688)	(8,355)	(736)	(2,297)	(12,076)
The adjustment of differences arising from a reduction in rental payments	-	(117)	-	-	(117)
31 December 2020	10,033	26,820	5,189	9,710	51,752

(Unit: Thousand Baht)

	Separate financial statements				
	Land	Buildings and buildings improvement	Tools and medical instruments	Motor vehicles	Total
1 January 2020	-	-	-	4,089	4,089
Depreciation for the year	-	-	-	(955)	(955)
31 December 2020	-	-	-	3,134	3,134

A subsidiary has pledged part of their right-of-use assets, their book values as at 31 December 2020 are Baht 10 million (2019: Baht 3 million), as collateral against credit facilities received from the commercial bank.

b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Lease payments	106,000	17,597	2,005	3,403
Less: Deferred interest expenses	(28,468)	(1,102)	(95)	(210)
Total	77,532	16,495	1,910	3,193
Less: Portion due within one year	(11,728)	(7,343)	(962)	(1,283)
Lease liabilities - net of current portion	65,804	9,152	948	1,910

Future minimum lease payments required under the lease agreements were as follows:

(Unit: Thousand Baht)

As at 31 December 2020

	Consolidated financial statements			Separate financial statements		
	Less than			Less than		
	1 year	2 - 5 years	Total	1 year	2 - 5 years	Total
Future minimum lease payments	15,826	90,174	106,000	1,020	985	2,005
Deferred interest expenses	(4,098)	(24,370)	(28,468)	(58)	(37)	(95)
Present value of future minimum lease payments	11,728	65,804	77,532	962	948	1,910

(Unit: Thousand Baht)

As at 31 December 2019

	Consolidated financial statements			Separate financial statements		
	Less than			Less than		
	1 year	2 - 5 years	Total	1 year	2 - 5 years	Total
Future minimum lease payments	8,021	9,576	17,597	1,398	2,005	3,403
Deferred interest expenses	(678)	(424)	(1,102)	(115)	(95)	(210)
Present value of future minimum lease payments	7,343	9,152	16,495	1,283	1,910	3,193

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	For the year ended 31 December 2020	
	Consolidated	Separate
	financial statements	financial statements
Depreciation expense of right-of-use assets	12,076	955
Interest expense on lease liabilities	4,802	115
Expense relating to short-term leases/ leases of low-value assets	786	304
Expense relating to variable lease payments	1,236	1,236

The company and its subsidiaries have lease contracts for tools and medical instruments that contains variable payments based on sales and usage. The lease term is 2 years.

19. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Provision for long-term employee benefits at beginning of year	48,381	28,766	11,382	7,814
Included in profit or loss:				
Current service cost	3,880	3,537	1,018	963
Interest cost	1,125	999	274	246
Employee rotation cost	-	-	-	(675)
Past service costs	-	9,141	-	1,946
Gain or loss on settlement	-	(90)	-	13
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	374	-	90
Financial assumptions changes	-	6,439	-	1,800
Experience adjustments	(750)	1,525	-	(419)
Benefits paid during the year	(3,369)	(2,310)	-	(396)
Provisions for long-term employee benefits at end of year	<u>49,267</u>	<u>48,381</u>	<u>12,674</u>	<u>11,382</u>

The Company and its subsidiaries expect to pay Baht 1 million of long-term employee benefits during the next year (Separate financial statements: Nil) (2019: Baht 3 million, separate financial statements: Nil).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 8 - 18 years (Separate financial statements: 18 years) (2019: 8 - 18 years, separate financial statements: 18 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Discount rate	1.19 - 2.52	1.19 - 2.52	1.19 - 2.52	1.19 - 2.52
Future salary increase rate	5.00	5.00	5.00	5.00
Staff turnover rate	0.00 - 30.00	0.00 - 30.00	0.00 - 25.00	0.00 - 25.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

(Unit: Thousand Baht)

		31 December 2020			
		<u>Consolidated</u>		<u>Separate</u>	
		<u>financial statements</u>		<u>financial statements</u>	
	(% per annum)	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Discount rate	1.00	(4,318)	5,042	(1,241)	1,466
Future salary increase rate	1.00	5,358	(4,661)	1,539	(1,322)
Staff turnover rate	20.00	(6,181)	8,272	(2,112)	2,975

(Unit: Thousand Baht)

		31 December 2019			
		<u>Consolidated</u>		<u>Separate</u>	
		<u>financial statements</u>		<u>financial statements</u>	
	(% per annum)	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Discount rate	1.00	(4,186)	4,901	(1,166)	1,383
Future salary increase rate	1.00	4,749	(4,145)	1,341	(1,155)
Staff turnover rate	20.00	(5,440)	7,217	(1,846)	2,580

20. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 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.

21. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest expenses on borrowings	16,208	19,780	9,997	14,615
Interest expenses on lease liabilities	4,802	661	115	98
Total	21,010	20,441	10,112	14,713

22. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Salaries and wages and other employee benefits	665,751	756,800	279,797	311,813
Depreciation and amortisation	165,657	148,568	52,904	54,093
Doctor fees	451,562	488,541	163,453	185,675
Medical treatment expense for referred patients	161,437	172,318	123,430	127,599
Medicine, medical supplies and other supplies used	353,544	371,917	120,962	130,964

23. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax:				
Current income tax charge	44,133	48,784	16,009	19,670
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(3,151)</u>	<u>(3,314)</u>	<u>(591)</u>	<u>(664)</u>
Income tax expenses reported in profit or loss	<u>40,982</u>	<u>45,470</u>	<u>15,418</u>	<u>19,006</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax relating to actuarial gain (loss)	<u>112</u>	<u>(1,660)</u>	<u>-</u>	<u>(294)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Accounting profit before tax	<u>227,834</u>	<u>245,893</u>	<u>152,475</u>	<u>177,481</u>
Applicable tax rate	20% and 0% - 15%	20% and 0% - 15%	20%	20%
Accounting profit before tax multiplied by applicable tax rates	45,419	49,100	30,495	35,496
Effects of:				
Non-deductible expenses	4,057	1,757	618	767
Tax-exempted dividend income	-	-	(12,831)	(15,501)
Additional expense deductions allowed	(8,494)	(5,387)	(2,864)	(1,756)
Total	<u>(4,437)</u>	<u>(3,630)</u>	<u>(15,077)</u>	<u>(16,490)</u>
Income tax expenses reported profit or loss	<u>40,982</u>	<u>45,470</u>	<u>15,418</u>	<u>19,006</u>

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
31 December	31 December	31 December	31 December	
	2020	2019	2020	2019
Deferred tax assets				
Allowance for expected credit losses (2019: Allowance for doubtful accounts)	238	40	96	13
Allowance for diminution in value of medicine and supplies	76	83	31	36
Recognition of rental expenses	-	4,463	-	-
Provision for employee benefits	10,747	10,279	2,832	2,525
Loss on fair value adjustment of right-of-use assets of subsidiary from acquisition of business	384	439	-	-
Lease	6,294	-	-	-
Total	17,739	15,304	2,959	2,574

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
31 December	31 December	31 December	31 December	
	2020	2019	2020	2019
Deferred tax liabilities				
Accumulated depreciation - Buildings	7,163	7,464	4,827	5,033
Unrealised fair value gain on investments	81	-	81	-
Gain on fair value adjustment of fixed assets of subsidiary from acquisition of business	621	923	-	-
Total	7,865	8,387	4,908	5,033

24. Earnings per share

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

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit for the period (Thousand Baht)	186,278	199,822	137,057	158,475
Weighted average number of ordinary shares (Thousand shares)	570,665	570,665	570,665	570,665
Earnings per share (Baht per share)	0.33	0.35	0.24	0.28

25 Segment information

The Company and its subsidiaries are principally engaged in the hospital business. A subsidiary is engaged in operating a vocational school, but revenue from this business is immaterial. Therefore, revenues, operating profit and total assets presented in the financial statements relate to the said principal business.

Geographic information

The Company and its subsidiaries operate in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customer

For the year 2020, the Company and its subsidiaries have revenues from one major customer in amount of Baht 553 million, arising from hospital business (2019: Baht 461 million derived from one major customer, arising from hospital business).

26. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and its employees contribute to the fund monthly at the rate of 2 percent of basic salary. The fund, which is managed by the American International Assurance Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2020 amounting to approximately Baht 5 million (2019: Baht 5 million) (The Company only: Baht 2 million and 2019: Baht 2 million) were recognised as expenses.

27. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2018	The Annual General Meeting of the shareholders on 22 April 2019	68,480	0.12
Total dividends for 2019		68,480	0.12
Final dividends for 2019	The Annual General Meeting of the shareholders on 24 April 2020	79,893	0.14
Total dividends for 2020		79,893	0.14

28. Commitments and contingent liabilities

28.1 Capital commitments

As at 31 December 2020, the Company and its subsidiaries had capital commitments relating to the construction of buildings and the buildings improvement of approximately Baht 97.4 million (2019: Baht 88.2 million) (The Company only: Baht 95.9 million and 2019: Baht 72.2 million), and relating to medical service system and acquisition of medical devices and hospital equipment of approximately Baht 1.8 million (2019: Baht 42.4 million) (The Company only: Baht 1.8 million and 2019: Baht 5.0 million).

28.2 Service commitments

The Company and its subsidiaries have entered into consulting, cleaning services provider, security services provider, medical equipment maintenance service, and other service agreements with unrelated parties.

As at 31 December 2020, future minimum payments required under those service contracts were contracting to Baht 19 million (2019: Baht 25 million) (The Company only: Baht 7 million and 2019: Baht 9 million).

28.3 Guarantees

- (a) The Company has guaranteed bank credit facilities of its subsidiary amounting to Baht 88 million (2019: Baht 88 million).
- (b) There were outstanding bank guarantees issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Bank guarantees for the medical treatment service contracts with the Social Security Office	17	20	11	10
Bank guarantees for the medical treatment service contracts with the National Health Security Office	4	4	-	-
Bank guarantees for electricity use	4	4	1	1
Bank guarantees for other proposes	1	4	-	3

28.4 Cancellation of public health services of National Health Security Office

According to the announcement of National Health Security Office (“NHSO”) regarding the termination of agreements with clinics and private hospitals for their alleged involvement in fraud, on 18 September 2020, NHSO issued a letter to terminate the public health service agreement with Vichaivej Yaekfaichai Hospital (“subsidiary”). Management of such subsidiary had initially investigated the fact and found that the subsidiary did not violate the law. At present, no state agencies take legal action against the hospital and Management expects that there will be no damage to the subsidiary arising from this case.

29. Financial instruments

29.1 Financial risk management

The Company and its subsidiaries’ financial instruments principally comprise cash and cash equivalents, trade receivables, short-term loans, long-term loans and lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, deposits with banks and financial institutions. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Foreign currency risk

The Company and its subsidiaries had no exposure to foreign currency risk as they rarely have not transactions denominated in other currencies.

Interest rate risk

The Company and its subsidiaries exposure to interest rate risk relates primarily to its long-term loans. However, since most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Liquidity risk

The Company and its subsidiaries have assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

29.2 Fair values of financial instruments

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

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

30. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Company and its subsidiaries' debt-to-equity ratio was 0.65:1 (2019: 0.70:1) and the Company's was 0.45:1 (2019: 0.45:1).

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2021.