



บริษัท วัฒนากาารแพทย์ จำกัด (มหาชน)

WATTANA KARNPAET PUBLIC COMPANY LIMITED



Annual Report 2020

แบบ 56-2

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Letter from the chairman of the board,



Dear Shareholders,

Since last year we have been facing with a global pandemic that has killed more than 2 million people around the world as of now. The vaccination against COVID-19 has began around the world. One year that the world has been living with fear. Each country has to save their people by trying different ways to protect their lives from infection and death from COVID-19.

Therefore, in 2020 all the countries focused on locking down their countries to cut the cycles of COVID-19 transmission especially the entry of foreigners who come from all over the world, which are difficult to detect because transmission of the disease takes at least 14 days to show symptoms. There was a quarantine measure which cause difficulties for tourists, businessmen, and students. The hotel must be closed, people lost their jobs and the businesses have to be closed.

The economy affected by the Covid-19 outbreak and still unable to predict when it will return to normal.

For the management of Wattana Karnpaet Public Company Limited, as soon as the COVID-19 infection has occurred, the company has held a series of meetings with medical staff, nurses to understand the situation and acknowledge the management policies. There were major policies, initially focusing on the adjustment of various patient care systems management throughout the year 2020, such as screening, setting the separated areas for at-risk patients, cleaning and disinfect, preparing of care and referral of COVID-19 patients if found. To prevent the spread of COVID-19 for the safety of patients and healthcare workers and in this early stage there was another crisis, the crisis of severe shortage of Personal Protection Equiption (PPE), specially surgical masks. This resulted in an increase in costs and a need for higher reserve of drug and medical supplies. The second stage is the lockdown period. The Thai-Lao Friendship Bridge has been closed, the number of flights have been reduced. School is closed. Curfew announcement causing the number of patients to decrease significantly in this second phase, the company has to deal with the situation of working hours reduction for staff, arrange working shift for the effectiveness for the benefit of patient and control of unnecessary expenses. The third phase is a relaxation of the lockdown, leading to more patients visiting the hospital. The company started more marketing activities and promoted new services to provide new normal services. Such as Telemedicine and Nursing care delivery for patients who cannot travel from abroad for hospitalization.

The company has received great cooperation from all staff to get through the COVID-19 crisis throughout the year then the first wave has passed satisfactorily. Hence, being able to overcome this crisis, the hospital has internal support as well as the support from shareholders. Therefore I would like to thank you all here.

Sincerely Yours

A handwritten signature in blue ink, appearing to read 'P. Tangsubkul', with a horizontal line underneath.

(Ass. Prof. Dr. Phiphat Tangsubkul)
Chairman of the Board
Wattana Karnpaet Public Company Limited

Subject : Opinion of Chairman of the Audit Committee
To : The Shareholders
Of Wattana Karnpaet Public Company Limited

I, Ass.Prof.Dr. Poonsakdi Vaisamruat, the Chairman of the Audit Committee of the Wattana Karnpaet Public Company Limited, would like to inform that as the Audit Committee has been appointed by the Board of Directors with the scope, duties, and responsibility for the internal control and management of the company, the Audit Committee has performed the duties accordingly in order to protect the overall benefits of minor shareholders. The committee has reviewed the company's risk management system to ensure that there are appropriate and effective risk management processes. The company has a Risk Management Committee which is responsible for determine risk management policy and monitor company's risk management annually or as needed during the year.

In 2020, the Audit Committee has met five times, which the findings can be summarized as follows:

1. The Audit Committee has reviewed the Quarterly and Annual Financial Statements to ensure that the preparation of the financial statements, along with the company's accounting policies, were done in an accurate and suitable manner. Based on this review, the Audit Committee believes that the company's financial reports have been presented in accordance with the generally accepted accounting principles and have provided adequate disclosure.
2. The Audit Committee, together with internal auditor, have reviewed and assessed the internal audit results in order to ensure the effectiveness, suitability, and accuracy of the internal control system.
3. The Audit Committee has reviewed the disclosure of transactions with related parties or others, which may involve conflict of interest. There is no conflict of interests found on the disclosure of transactions.
4. The Audit Committee has reviewed and investigated to ensure that the company operates with transparency and follows the laws and regulations, including the regulations of the company and relevant government agencies.
5. The Audit Committee has attended to the meeting with Risk Management Committee to be informed of the progress of the risk management in accordance with the established policies and plans. Which has an opinion that the company has an appropriate risk management system in accordance with situations of the company at present that will lead the company's operations run efficiently.
6. The Audit Committee has nominated auditor for 2021 and proposed to the Board of Directors to appoint Ms.Chaovana Viwatpanachati, Ms.Wanpen Unruan and Ms.Porntip Amornchailertpattana , license numbers 4712, 7750 and 9589 respectively, of Office of Pitisevi Co., Ltd. as the company's auditor.

We hereby confirm having audited the financial report of company, year 2020 and fully accepted it.

Sincerely Yours



(Ass.Prof.Dr.Phoonsakdi Vaisamruat)
Chairman of the Audit Committee
Wattana Karnpaet Public Company Limited

1. General Information

1.1 Company Information

Wattana Karnpeat Public Company Limited operates 100 beds private hospital under the name of North Eastern Wattana General Hospital since 1985, locates at 70/7-8 Supakitjanya Road, Tumbon Makkheng , Amphur Muang , Udonthani 41000 Registration number 0107537002095 Tel : 0-4221-9888 Fax: 0-4224-1956 E-mail Address : admin@wattanahospital.net Website : www.wattanahospital.net with registered capital of 100 million Baht paid up capital 100 million Baht. Ordinary share of 10,000,000 shares at par value 10 Baht/Share.

1.2 The number and type of fully paid shares of all the registered bodies that the company has more than 10 per cent of the total fully paid shares of those registered bodies

- None -

1.3 References

(a) Share Registrar

Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Building
62 Rachadapisek Road, Klongtoey Bangkok 10110
Telephone : 0-2229-2800 Fax : 0-2229-2888

(b) Auditor

Miss Chaovana Viwatpanachat , Miss Wanpen Unruan and Ms.Porntip Amornchailertpattana , Office of Pitisevi Co., Ltd.
8/4 Floor 1st,3rd Soi Viphavadee 44 (Soi AMornphan 4), Viphavadee-Rangsit Rd., Ladyao, Chatuchak, Bangkok 10900
Telephone : 0-2941-3584-6 Fax : 0-2941-3658

(c) Legal Counselor

Mr. Wiboon Assawareungchai
License Number 872/2533
87 Thahan Road, Makkheng Sub-district, Muang District,
Udonthani 41000
Telephone : 081-601-7734

2. The Summary of Financial data of Company

The Summary of Financial data of Company

(Unit : Thousand baht)

Asset at year date	2020	2019	2018
Total Assets	533,899	486,192	488,201
Total Liabilities	173,894	129,323	138,968
Shareholders' Equity	360,005	356,868	349,233
Operating performance January - December			
Revenue from hospital operations	305,910	369,650	356,075
Total Revenues	312,644	374,900	365,664
Total Cost and expenses	310,856	353,270	344,184
Profit before income tax	1,788	21,630	21,480
Net Profit (Loss)	1,636	17,339	16,883
Per share data (Baht)			
Earning (Loss) per share	0.16	1.73	1.69
Weighted Shares (000' shares)	10,000	10,000	10,000
Book value per share	36.00	35.69	34.92
Financial Ratio			
Current Ratio	1.09	1.13	0.82
Gross Profit Margin (%)	21.61	26.90	26.38
Net Profit Margin (%)	0.52	4.62	4.62
Return on Asset (%)	0.32	3.56	3.51
Return on Equity (%)	0.46	4.91	4.92
Debts to Equity Ratio	0.48	0.36	0.40
Growth Rate – Increase (Decrease)			
Total Assets (%)	9.81	-0.41	3.30
Total Liabilities (%)	34.46	-6.94	3.05
Service Revenues (%)	-17.24	3.81	19.28
Net Profit (%)	-90.57	2.70	-7.67

3. Nature of Business

3.1 General Business Operations

The Wattana Karnpaet Public Company Limited operates the first 100 bed-sized private general hospital. The hospital is a tertiary hospital, which consist mainly of Outpatient Department and Inpatient Department.

3.2 Income Structure

Income structure by types of patients

Income by types of patient (million Baht)	2020	%	2019	%	2018	%
Out-patient	167.20	53.5%	163.48	43.6%	160.26	43.8%
In-patient	177.07	56.6%	245.32	65.4%	230.68	63.1%
Other income	6.73	2.2%	5.25	1.4%	9.59	2.6%
Discount	-38.36	-12.3%	-39.15	-10.4%	-34.87	-9.5%
Total	312.64		374.90		365.66	

Income structure by services

Types of Services	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
(1) Income from the hospital's operations	305.91	97.85	369.65	98.60	356.08	97.38
- Medicines and medical supplies	117.87	37.70	142.86	38.11	138.25	37.81
- Doctor fees	60.08	19.22	74.93	19.99	76.76	20.99
- Room charges	35.08	11.22	46.94	12.52	40.14	10.98
- Investigation and treatment	122.53	39.19	132.32	35.29	124.67	34.09
- Other hospital related incomes	8.71	2.78	11.75	3.13	11.12	3.04
- Discount	-38.36	-12.27	-39.15	-10.44	-34.87	-9.54
(2) Other incomes	6.73	2.15	5.25	1.40	9.59	2.62
- Other incomes	6.73	2.15	5.25	1.40	9.59	2.62
Total income	312.64	100.0	374.90	100.0	365.66	100.0
Percentage increase (decrease) in total income	-	-16.61	-	2.53	-	12.13

3.3 Major events in the year 2020

1. Covid-19 crisis led to the decrease in number of patients, especially foreign patients who cannot travel into Thailand
2. Adjusted the services to New Normal situation, for examples introduction of Telemedicine services and Home delivery for health care services
3. Open Alternative Hospital Quarantine service to serve foreign patients to hospitalized during quarantine at the hospital
4. Provide Covid Lab Test service

3.4 Industry's Trend and Future Competition

1. Industry's Structure

The private hospital industry is a highly competitive industry with the competitors being from both the private and public sectors. Together with, the variety of healthcare scheme available for patients to freely acquire the healthcare services, for examples, the National Health Scheme, Social Security Scheme, and Government Employees Program. This, to a certain extent, lowers the number of patients coming to private hospitals.

The Company's Advantages

The company has been operating a private hospital for more than 35 years, therefore is well-known among the local patients who trust in the experiences in healthcare the hospital has to offer. Additionally, the company was established by a group of medical doctors, ensuring that the level

of quality of healthcare has been the first priority to be maintained over time. The company focuses on the continuously improvement of the quality of personnel and the quality of the healthcare system with the patient safety as a prime concern.

The Company's Disadvantages

Since the company is located in a country town, the recruitment of medical specialists and other healthcare professionals is found much more difficult than it would be in Bangkok.

2. Industry Competition

The market and competition of private hospitals in the Company's area consist of 2 private competing hospitals. They are Bangkok Udon Hospital (100 bed sized) and Aek Udon Hospital (100 bed sized). The market segments are clearly marked among the competitors. All the private hospitals in Udonthani, except the Company, aim for the high income based customers. Whereas the Company aims for the medium to high income based customers. This leads to high level of competition in the high-income based customers segment. In the last year, the level of competition was even higher because of the expansion of Bangkok Hospital into the province; the hospital was well known among the high-income based customers. This urges for the Company to adjust its strategies to increase the competitiveness by focusing on the quality improvement, and getting accredited by the national body. Together with using pricing mechanism to increase the competitive advantage of the Company by being more flexible in the price setting than the competitors.

4. Risk factors

Operational risks

- (a) The risk of economic crisis as a result of the outbreak of Covid-19, causing the whole World as well as Thailand to face with economy downturn. Although the control over the outbreak has been better and started to distribute the vaccines to prevent the spreading of the outbreak, Thailand still cannot open its borders back to normal, this indicates that the economy is still not yet to be recovered back to normal.
- (b) Risks from changing in the governmental policies, rules, regulations, and laws related to the company.
- (c) Risks from reliance on specialists
Both specialists and registered nurses are scarce personnel. This is especially the case when the company is situated in the upcountry. The recruitment of both specialist doctors and registered nurses is limited.

Financial risks

- (a) Debt payment delay risk
In the past couples of years, there has be an increasing trend of customers using health insurance. This results in the increasing debt amount, and increasing the chance of the delay in payment. This in turns can affect the cashflow of the company, and the risk of debt default is increased.
- (b) Legal disputes, there would be a risk of lawsuit on medical services.

Risks that affecting the rights or investment of shareholders

- (a) Risk from the company's major shareholders holding more that 50%
As of the 31th of December, 2020, the Tangsubkul family has the number of shares in the company of 5,819,009 shares, or 58.19 per cent of the total paid shares of the company. This makes the Tangsubkul family able to control almost all the agendas at the Annual General Meeting of shareholders, including the appointing of directors and any agendas required majority votes of the shareholders. This is with an exception of any agendas required 3 out of 4 votes at the shareholders' meeting by law or the company's rules.
- (b) Risks from shares having not many free float, resulting in the low liquidity in share trading
As of the 31th of December, 2020, there were 416 minor shareholders and holding the company's share (Free Float) of 2,081,191 shares, or 20.81 per cent. This may result in low trading of stock and ordinary investors may not be able to trade at the normal level. This also means that the existing shareholders may have risk of not being able to sell the shares immediately at the prices as wish.

5. Structure and Management of Shares

5.1 Shareholders

Names of the first 10 largest shareholders including the number of shares held and the percentage distribution of shares

		31 th of December, 2020	
		Number of shares	%
1	Miss Natthira Tangsubkul	2,434,542	24.35
2	Ms. Suphawan Tangsubkul	1,587,250	15.87
3	Mrs. Wanlee Sangsiri	1,082,800	10.83
4	Ms. Pallapa Vidayakorn	1,017,000	10.17
5	Mr. Phiphat Tangsubkul	807,282	8.07
6	Miss Monticha Uchapun	495,000	4.95
7	Miss Orawan Ua-amporn	491,675	4.92
8	Mrs. Phirawan Changsirivathanathamrong	460,300	4.60
9	Mr. Phiraphat Tangsubkul	458,610	4.59
10	Mr. Sitichai Ungklomklieow	270,000	2.70

Remark: data from the share distribution from the Thailand Securities Depository as of 31th December 2020

5.2 Management

The Board of Directors

The company's Board of Directors consists of 8 directors of which

	Name	Position
1.	Ass. Prof. Dr. Phiphat Tangsubkul	Chairman of the board
2.	Suphawan Tangsubkul, M.D.	Director
3.	Sitichai Ungklomklieow, M.D.	Director
4.	Miss Bangon Tangsubkul	Director
5.	Miss Jariya Chatsakunpen	Director
6.	Ass.Prof.Dr.Poonsakdi Vaisamruat	Independence Director/ Audit Committee Chairman
7.	Miss Suda Santisavekul	Independence Director/Audit Committee Director
8.	Alisa Neramittagapong, M.D.	Independence Director/Audit Committee Director

Director Authorized to sign on Behalf of the Company are as follows:

The directors authorized to sign on behalf of the company consist of two signatures of the company directors, comprise of Ass. Prof. Dr. Phiphat Tangsubkul, Dr. Suphawan Tangsubkul, Dr. Sittichai Ungklomklieow, and Miss Bangon Tangsbukul, with the Company's seal.

The Scope of Authorities and Responsibilities of the Company's Directors

1. Organizing the Shareholder's Meeting annually within 4 months from the end of the company's accounting period.
2. Organizing the Board of Directors' Meeting at least once every three months.
3. Facilitating the Company's Balance Sheets and Income Statements to be made at the end of the company's accounting period, of which the auditors have made an audition, and subsequently presented at the shareholder's meeting for approval.
4. Managing the company in accordance with the laws and regulations, the company's objectives, and the consents from the shareholders' meeting with integrity and with a reserved good faith in the company's benefits and with the responsibilities to the shareholders at all time.
5. Shall make policies and directions for the company's operations. Together with, monitoring that the plans are rolled out effectively and efficiently.
6. Ensuring that there is the internal auditing system in place effectively.

7. Responsible to ensure for the transparency, accuracy, and adequacy of the notification of the company's financial information, as well as, other information reporting to the shareholders and investors.
8. The Directors are authorized to decide on the structure of administration, to appoint management committee, Chief Executive Officer, or other Directors as appropriate.

Audit Committee

1. Ass.Prof.Dr.Poonsak	Vaisamruat	Audit Committee Chairman
2. Miss Suda	Santiseveekul	Audit Committee Director
3. Alisa	Neramittagapong, M.D.	Audit Committee Director
4. Miss Pattharaporn	Promtong	Secretary of Audit Committee

The Scope of Duties and Responsibilities of the Audit Committee

The Audit Committee is scheduled to meet every 3 months and have duties and responsibilities as follows:

1. Coordinate with the internal auditing unit of the company in the areas of strategic planning, reporting and evaluating performance and problems affecting the company's controlling system.
2. Give advices on positioning and remuneration of account auditor. At the same time, coordinate with the account auditor to find solutions to problems and important matters that require attention.
3. Review and provide consultation for the outcomes and proposals raised by the account auditor and the internal auditing body. In addition, the implementation of the valuable suggestions is to be followed up together with the reporting of such actions to the company's board and committee.
4. Review the account information reported by the company before presenting to the committees.
5. Ensure that the significant risks are being properly managed
6. Ensure that the rules regulations given by the Securities and Exchange Commission and the Stock Exchange of Thailand are followed

Selection of independent committees

3 Independent committees are as listed. The criteria of independent committees selection (in consistency with the No. 16 of Thailand Securities and Exchange Commission TJ28/2008) include

- (1) possess no more than 1% of company's shares with voting rights,
- (2) never been and not in a company's committee that involve in management or receive salaries from the company or in control of the company, with an exception of 2 years absence from such position. However, this does not include the independent committees who had been in public sector or a consultant of public sector which holds shares or in control of the company,
- (3) not a person related by blood or by law as parents husband wife siblings children and husband or wife of the management/major share holders/person with controlling power/ person to be nominated to be in management position or have controlling power,
- (4) never been and not related in business activities with the company in any manners which may cloud the independent judgment,
- (5) never been and not an auditor for the company unless have been absent from that position for more than 2 years,
- (6) never been and not a consultant of any fields including financial consulting or legal consulting that receive a consulting fee of more than Baht 2 million per year from the company, unless have been absent from that position for more than 2 years,
- (7) not a committee that elected to be a nominee of the company's committees,
- (8) not operates a business of the same condition and in competition with the company's business,
- (9) not possess any other characters which may compromise the independent judgment on the company's operations.

The independent committees who meet the (1) to (9) criteria may be assigned by the board of committees to make committee decisions on the company's operations matters.

In case the independent committees elected used to be or have any business relationships or received consulting fee exceeding the limit sent in the criteria (4) or (6), the company's committees may relax the criteria if consider that to have no impact on the role and independent judgment, and the company reported the following information in the letter to shareholders to appoint the independent committees already;

- (a) the business relationships or the consulting activities which not meet the criteria,
- (b) reasons and needs to appoint or keep the person to be an independent committee,
- (c) opinions of the company's committees who nominated the person to be an independent committee.

Remuneration Sub-Committee

- | | |
|--------------------------------|--|
| 1. Miss Bangon Tangsubkul | Chairman of Remuneration Sub-Committee |
| 2. Alisa Neramittagapong, M.D. | Remuneration Sub-Committee |
| 3. Miss Jariya Chatsakunpen | Remuneration Sub-Committee |

The Scope of Authorities and Responsibilities of the Sub-Committee for Compensation and Benefits

1. Deciding on the remunerations for the Board of Directors and presenting at the Board of Directors meeting, then subsequently presenting to the shareholders for the final approval.
2. Deciding and approving the remunerations resulted from the ESOP warrants.

Management Committee

The company has 4 management committees as follows:

- | | |
|--------------------------------------|---------------------------------|
| 1. Ass. Prof. Dr. Phiphat Tangsubkul | Chairman of the Executive Board |
| 2. Dr. Suphawan Tangsubkul, M.D. | Executive Director |
| 3. Dr. Sitichai Ungklomkieow, M.D. | Executive Director |
| 4. Miss Bangon Tangsubkul | Executive Director |

The Scope of Authorities and Responsibilities of the Management Committee

The scope of authorities and responsibilities of the Management Committee includes the regular operations' administration and management of the company. The main authorities and responsibilities are:

1. Plan the policy, business strategy, budget, management structure, and other operations guidelines of the company with consideration of the economic and social conditions.
2. Carry out the business and manage company's business activities with objective, regulations, policy, delegation or consents of the Board of Directors from the Board's meeting or from the company's shareholder meeting.
3. Plan the organization structure, management authority, appointment, employment, allocation, and termination of employment.
4. Operate in other issues as being given by the Board of the Directors on occasional basis.

Corporate Governance and Ethics Committee

- | | |
|------------------------------------|--------------------|
| 1. Ass.Prof.Dr. Phiphat Tangsubkul | Committee Chairman |
| 2. Miss Bangon Tangsubkul | Committee Director |
| 3. Miss Suda Santiseveekul | Committee Director |

The Scope of Duties and Responsibilities of the Corporate Governance and Ethics Committee

The Committee has duties and responsibilities as follows:

1. Proposing Corporate Governance Policies and a Code of Ethics of the company to the Board of Directors for approval.
2. Monitoring and supervising the company to ensure that corporate governance policies and business ethics specified by the Company are complied with
3. Continuously assessing the company's corporate governance policies and code of ethics to ensure that they comply with international standards and/or recommendations from related government organizations and propose these findings for approval from the Board of Directors.
4. Evaluating and proposing a Code of Best Practices to the Board of Directors and/or smaller committees in the Company.
5. Encouraging the dissemination of the good corporate governance culture across the organization and ensure that it is actually practiced.
6. Evaluating appointing and outlining the working team's roles in supporting the monitoring and supervision of business operations and ethics, as appropriate.
7. Performing other duties as assigned by the Board of Directors.

The management and all departments in the company must report or present the information and documents related to the corporate governance and ethics to the Committee in order to support the Committee to be most effective in their assigned duties.

Risk Management Committee

1. Dr. Sitichai	Ungklomkieow, M.D.	Committee Chairman
2. Ass.Prof.Dr.Poonsak	Vaisamruat	Committee Director
3. Dr. Suphawan	Tangsubkul, M.D.	Committee Director

The Scope of Duties and Responsibilities of the Risk Management Committee

The Committee has duties and responsibilities as follows:

1. Assessing and presenting policies, set risk management policy and framework and propose to the Board of Directors for approval.
2. Examining and agreeing on acceptable risk levels, approve risk management plans and present to the Board of Directors.
3. Continuously monitoring, develop and comply with policies and the risk management framework so the Company will have a risk management system that is uniformly effective throughout the organization to ensure that policies continue to be observed.
4. Assessing risk identification and assessment procedures, report on significant risk management activities and enforce procedures to ensure that the organization has sufficient and appropriate risk management systems in place.
5. Coordinating with the Audit Committee about significant risk factors and appoint an internal risk assessment team to ensure that the Company's risk management system is appropriate to the exposure, adapted as needed and adopted throughout the organization.
6. Continually reporting to the Board of Directors on significant risks and risk management solutions. Recommending and advising the Risk Management Committee and/or departments and/or the relevant working committees about significant risks about risk management, as well as evaluate the appropriate means to improve various databases that are related to the development of risk management solutions.
7. Appointing Sub-Committees and/or additional related personnel, or replacements in the Risk Management Committee and/or the Department and/or the working team that is related to managing risks as necessary, as well as determine their roles and responsibilities in order to achieve the objectives.
8. Executing other activities that pertain to managing risks as assigned by the Board of Directors. The management and/or the committee and/or all departments and/or working teams related to risk management and/or internal auditor and/or auditor of the company must report or present the information and documents related to the risk management to the Committee in order to support the Committee to be most effective in their assigned duties.

Directors' Meeting Participation in 2020

	Attendance / Total Directors Meeting (Time)	
	Board of Directors	Audit Committee
1. Ass. Prof. Dr. Phiphat Tangsubkul	4/4	-
2. Dr. Sitichai Ungklomkieow, M.D.	4/4	-
3. Dr. Suphawan Tangsubkul, M.D.	4/4	-
4. Miss Bangon Tangsubkul	4/4	-
5. Miss Jariya Chatsakunpen	3/4	-
6. Ass.Prof.Dr.Poonsak Vaisamruat	4/4	5/5
7. Miss Suda Santiseveekul	4/4	5/5
8. Dr. Alisa Neramittagapong, M.D.	3/4	3/5

Remuneration of Board Members

Board member names	Position	Director salary	Meeting attendance fee (Baht per year)	Director Bonus/ Pension	Other director benefits
Ass. Prof. Dr. Phiphat Tangsubkul	Chairman of the board	7,200,000	168,000	None	None
Dr. Sitichai Ungklomklieow, M.D.	Director	840,000	68,000	None	None
Dr. Suphawan Tangsubkul, M.D.	Director	6,000,000	68,000	None	None
Miss Bangon Tangsubkul	Director	144,000	68,000	None	None
Miss Jariya Chatsakunpen	Independence Director	None	18,000	None	None
Ass.Prof.Dr.Poonsak Vaisamruat	Independence Director/ Audit Committee Chairman	None	48,000	None	None
Miss Suda Santiseveekul	Independence Director/Audit Committee Director	None	24,000	None	None
Dr. Alisa Neramittagapong, M.D.	Independence Director/Audit Committee Director	None	18,000	None	None

Remuneration and number of directors and management team

In 2020, the company paid salaries and bonuses to 13 of directors and management team of Baht 23.719 million.

Other remuneration of Managing directors and management team

-Other remunerations for directors

-None-

-Provident fund

The company set up a provident fund and for the management team the fund paid by the company was set at 2-6 per cent of the salaries depending on the number of work years. In 2019, the company paid the provident fund for 6 directors and management team total of Baht 0.40 million.

Auditor's Remuneration

The auditor's remuneration for the year 2020 is 780,000 Baht per year by the Pitisavi & Company, all of which is audit fee. The company has no related person or related activities with auditors and the auditing company.

Details of the Board of Directors and Management

Remark: data from the share distribution from the Thailand Securities Depository as of 31th December, 2020

Name – Surname / Position	Age (Years)	Education	Shareholding (%)	Relationship	Work experiences in the past 5 years	
					Period	Position / Company
1) Ass. Prof. Dr. Phiphat Tangsubkul Chairman and Authorized Director	78	- Ph.D. in International Law, France - Attended the Director Accreditation Program (DAP) - Attended the Financial for Non-finance Directors	8.07	-	1985- Current	- Chairman and CEO at the Wattana Karnpaet Public Company Limited
2) Dr. Sitichai Ungklomklieow, M.D. Director and Authorized Director	68	- M.D., Siriraj, Mahidol University, Thailand - Board Certification Specialist in Surgery, Siriraj, Mahidol University, Thailand - Attended the Director Accreditation Program (DAP)	2.70	-	1986- Current	- Medical Director and Head of Surgical Department at the Wattana Karnpaet Public Company Limited - Director
3) Dr. Suphawan Tangsubkul, M.D. Director and Authorized Director	76	- M.D., Chiangmai University, Thailand - Attended the Director Accreditation Program (DAP) - Attended the Financial for Non-finance Directors	15.87	Wife of (1)	1985- Current	- Vice- Medical Director and Managing Director at the Wattana Karnpaet Public Company Limited - Director
4) Miss Bangon Tangsubkul Director and Authorized Director	81	- Bachelor of Commerce, Thammasat University, Thailand - Attended the Director Accreditation Program (DAP)	0.005	Sister of (1)	1985- Current	- Director
5) Miss Jariya Chatsakunpen Director	43	- Bachelor of Economics, Bangkok University, Thailand - Masters of Business Administration, Florida Metropolitan University, United States of America	0	-	2014- Current	-Independent Director -Business owner

Name – Surname / Position	Age (Years)	Education	Shareholding (%)	Relationship	Work experiences in the past 5 years	
					Period	Position / Company
6) Ass.Prof.Dr.Poonsak Vaisamruat Independent Director, Chairman of the Audit Committee	73	- Bachelor of Law (Honours Class 2), Chulalongkorn University, Thailand - Doctoral de l' University de Paris II (Drait Sadministratif) (Mention tres bien) 1981 - Attended the Director Accreditation Program (DAP)	-	-	2004-Current	- Lecturer at the Law Faculty, Turakit Bandit University, Bangkok - Speaker for the subject of philosophy and Public Company Law for Undergraduates and higher degrees (1993 – Current) - Chairman of Audit Committee at the Wattana Karnpaet Public Company Limited
7) Miss Suda Santiseveekul Audit Committee	71	- Bachelor of Finance, Turakit Bandit University, Thailand - Attended the Director Accreditation Program (DAP)	0.002	-	2000-Current	- Audit Committee at the Wattana Karnpaet Public Company Limited
8) Alisa Neramittagapong,M.D. Audit Committee	44	- Medical Doctor, Khonkean University, Thailand - Board Certification Specialist in Anesthetics, Khonkean University, Thailand	-	-	8 th of June, 2008 - Current	- Anesthetist Doctor at Udonthani Provincial Hospital (2005-Current) - Audit Committee at the Wattana Karnpaet Public Company Limited
10) Ms.Arunee Pothip Head of Nursing Division	50	- Bachelor of Nursing, Khon Kaen University	-	-	1991-Current	- Head of Nursing Division
11) Dr.Natthira Tangsubkul	42	-Doctor of Engineering, -Master of Engineering and management, -Bachelor of Engineering New South Wales University, Australia -Master of MBA, Sukhothaihammathirat University -Certificate in ISO Auditor	24.35	Daughter of (1,3)	2004-Current	- Assisting Managing Director -Chief Financial Officer
12) Miss Pattharaporn Promtong	35	-Bachelor of Food Process Engineering King Mongkut's Institute of Technology Ladkrabang	-	-	2009-Curent	-Secretary of Audit Committee

6. The principle of good Corporate Governance

6.1 Strategies for monitoring and managing the business

The company recognizes the importance of possessing a good corporate governance to inform the shareholders and the public and at the same time enable an auditing process for the company. The company focuses on being transparent in practicing the business and reporting the information. Risks related to the business are recognized by the monitoring system in place. The identified risks are in turn managed as deemed appropriate. In addition, the company has implemented code of ethics for the board and the employees to follow.

In the past year, the company operated following the Principles of Good Corporate Governance for Listed Companies 2006 as outlined by the Stock Exchange of Thailand. The principles consist of the topics of the Rights of shareholders, Equitable treatment of shareholders, Role of stakeholders, Disclosure and transparency, Responsibilities of the Board. The company's areas for improvement are the sustainability reporting following the framework of the Global Reporting Initiative (GRI) in order to incorporate the Corporate Social Responsibility into the ordinary operational processes, and outlining the related policies and implementations.

6.2 Shareholders' rights

The shareholders meeting was held in a meeting room provided by the company. The company annual report was distributed to all shareholders 7 days before the meeting to study and comment as deemed appropriate. If shareholder cannot attend the meeting, proxy should be assigned to an appropriate person or the audit committee. The meeting was precisely and properly documented.

6.3 Stakeholders' rights

The board of directors recognizes the importance of the rights of the stakeholders both inside and outside the company.

Shareholder	The company dedicates to operate the business effectively and sustainably for the highest benefits of the shareholders, and by following the Corporate Governance principal.
Employees	The company interacts with each employee with equity and fairness.
Suppliers	The company abides by the contracts with all suppliers.
Creditors	The company practices under borrowing contracts.
Customers	The company provides patient care equally to every patient. The hospital has a customer relations department to seek and act upon the patients' comments and feedback.
Competitors	The company competes with competitors fairly, and avoids unfair tactics to destroy the competitors.
Society/Community	The company acts responsible towards the environment of community and society.

6.4 Shareholders' meetings

At the company's Shareholders Meeting, the important matters are presented to the shareholders for approval. The presentations of the matters are in compliance with laws and regulations prescribed by the SET as well as the company's regulations. The chairman of the meeting ensures equal opportunities for every shareholder to express their opinion on the progress of the company. The shareholders were also encouraged to raise any suggestions to improve the current practice. The significant suggestions and comments were documented as a part of the meeting report.

6.5 Leadership and vision

- The board of directors sets vision, duty, strategy, goal, business plan, and budget for the company. The management, under the monitoring of the board of directors, is responsible for ensuring that everything goes according to plans in order to improve the economic performance of the company, at the same time, provide the highest stability to all shareholders.

- The board of directors sets the internal controlling system and the effective risk management procedure, at the same time, provides constant monitoring for the system in place.
- The board of directors clearly allocates roles and responsibilities among the board, the committees, and the management to work independently from one another.
- The board of directors monitors the committees to give approval to all usual expenses take place in the company with exceptions for those require shareholders' opinion as stated in the guidelines given by The office of Securities and Exchange Commission and the Stock Exchange of Thailand.

6.6 Conflict of interests

The board has provided a strategy and procedure for approving related matters in order to prevent the use of confidential information by the board or the management for their own benefits.

It is required that the management has to report changes in the number of shares they hold to the auditing committees and the Stock Exchange of Thailand as stated in Topic 59 of the statute. It is not permitted for the management or the organization who has acquired the confidential information to reveal such information to any outsiders. Selling shares of the company within one month prior to the publishing of the company financial budget report is also prohibited.

6.7 Business ethics

The company provides code of ethics for all directors and employees . The code is to be followed by all with honesty. The company also follows the code for general practice including the company's penalty procedure.

6.8 Balancing power of Non-Executive Director

The Board of Directors consists of 8 directors of which one third of the total number of the directors are independent directors.

6.9 Aggregation or segregation of positions.

CEO and the Board director is the same person.

6.10 Remuneration for directors and the management

The company set the remuneration of the directors and the management in accordance with the approval from the shareholders' meeting.

6.11 Payment to Financial Auditor

The auditor's remuneration for the year 2020 is 780,000 Baht per year by the Pitisavi & Company, all of which is audit fee. The company has no related person or related activities with auditors and the auditing company

6.12 Board of directors' Meetings

The board of directors' meeting is to take place at least 4 times a year, with additional meetings to be called if necessary. Meeting invitations are distributed to the directors at least 7 days prior to the meeting to ensure the sufficient time is given for the directors to study the meeting materials. The minute of each meeting is reported, recorded, and ready to be inspected if required.

6.13 Committees

The company has set 2 groups of committees as follows:

1. The Audit Committee has the duration for position for 2 years, comprised of 3 persons (as stated in the management structure section) and all the Audit Committees are also the company's independent directors.
2. The Remuneration Committee comprised of 3 persons (as stated in the management structure section).

6.14 Internal controlling auditing systems.

The company assigns the MA consulting Co.Ltd. to perform the internal audit roles for the company in 2016-2020. The results have been regularly reported and recommended given to the company to improve the internal control system.

The company has rules and guidelines to ensure that employees work towards the same goals. In addition, the six monthly performance evaluation process is in place to acknowledge the good performance. There is also a regular education and training program to improve technical skills and knowledge of the employees in order to consequently increase their level of efficiency.

6.15 Managing Risks.

The Company's Committee, the Audit Committee, and the Management had convened for an evaluation of internal control system with a consideration on the audited performance from auditing, advices of the auditors, with additional information queries to the Management. From the Company's internal control system evaluation checklists, there are 5 considerable i.e. organization and environment, risk management control for management operation, information technology system, information communication and follow-up system, the committee agrees that the Company has a sufficient internal control efficiency. For good corporate governance, the committee has promoted and supported the management team to continuously improve internal control quality

6.16 Board committee's reporting.

The board of the company is responsible for the company's financial budget which has been done according to the standard accounting guidelines in Thailand. This includes publishing sufficient important information in the explanation accompanying the financial budgeting.

The internal controlling system of the company in general is satisfactory and credible. This is partly shown by the auditing committee's report which can be found in the annual report.

6.17 Relations with investors.

The company discloses important information correctly, timely and transparently according to the guidelines given by the Stock Exchange of Thailand. The company information can be obtained by contacting Miss Pattharaporn Promtong Tel. 0-4221-9888 , or e-mail : admin@wattanahospital.net.

6.18 Internal control of information

The company has the internal control of information usage according to the principles of Good Corporate Governance by outlining in the Handbook of Code of Conduct for board and executive, and employee, which can be summarized as follow:

1. The Board and executive and employee shall sign to acknowledge the related announcement made by the Securities and Exchange Commission stating that Board and executive shall obligate to report its own changes in the stock holding to SEC as per the Section 59 of the Securities and Exchange Act B.E. 2535 within 3 days from the date the changes take place. And will notify the corporate secretary to record the changes and resulted number of shares held by the Board and executive and employees individually to report to the board committee in the next meeting. The penalties of non-compliance are also announced.
2. The company has implemented the rules of prohibiting the leak of the financial statement information or any other information that may affect the share price of the company to outsider or non-related person. And prohibit any trade of the company share in a month before the announcement of the financial statement or any other information that may affect the company share's price to the public. And prohibit the trading of the company share within the first 24 hours after the information has been announced to the public. Non compliance of the rules will be regarded as breaching the company's Code of Conduct and shall be penalized from notification, deduction of salary, put on leave without pay, or stop hiring.

This has been approved by the board of directors meeting 1/2014 and started to implement on the 1st of March 2014 onwards.

6.19 Dividend policy

The company has a policy to pay the dividend at least 40 per cent of the net profit after deducting income tax and legal reserve of the company in case of no unusual events and no significant effect to the company's operations. For dividend payment, the company must consider the company's operating results, liquidity, and business expansion.

The company's dividend payment has to be approved by shareholders and/or the Board of Directors as appropriate.

7. Related Transactions

There were related transactions including the transactions between the Company and the 21 Sattawat Vejchakit Company Limited, the Alliance International Medical Center Company Limited, and P&S Oneness Wealth Company Limited were as follows:

(1) The company has related transactions with the 21 Sattawat Vejchakit Company Limited where there are common directors and shareholders. The related transactions are the referral of patients and trading medicines and medical supplies, which the prices and conditions are complied to a regular business agreement. The description and quantities of the transactions can be found in the number 6 of the notes of the financial statement. The reason for the transactions was for the benefits of the company, that is the referring of patients from the 21 Sattawat Vejchakit Company Limited located in different province. And to improve the efficiency of the inventory management in order to also increase the bargaining power with the suppliers.

(2) The company has related transactions with the Alliance International Medical Center Company Limited which there are common directors with the company. The related transactions are the trading medicines and medical supplies, which the prices and conditions are complied to a regular business agreement. The description and quantities of the transactions can be found in the number 6 of the notes of the financial statement. The reason for the transactions was for the benefits of the company to affiliate with for sending patients to the hospital.

(3) The company has related transactions with the P&S Oneness Wealth Company Limited which there are common shareholders with the company. The related transactions are the catering service and land rental between each other, which the prices and conditions are complied to a regular business agreement. The description and quantities of the transactions can be found in the number 6 of the notes of the financial statement. The reason for the transactions was for the benefits of the company to provide services to patients and to utilize the area for parking for the patients.

7.1 Regulations and Procedures for an Approval of Related Transactions

Related transactions within a regular business activities, the company sets up the prices and conditions with respect to the standard market prices and fair conditions, with the best practice for company's benefits at the prime consideration. The company will report the related transactions' conditions to the Audit Committee to consider its necessity and other reasonable transactions issues as deemed appropriate.

The company conforms with the Securities and Exchange Commission's regulations on related transactions; and conforms with rules and regulations, announcements, or any conditions or obligations of the Stock Exchange of Thailand, including rules on the disclosure of related transactions, acquisition, or the company's asset distribution. To approve the transactions, the relevant Directors or the relevant shareholders are not allowed to vote on such matter.

7.2 Policy or Trend to Make Related Transactions in the Future

The company foresees that there are still related ongoing transactions as a regular business operation with the 21 Sattawat Vejchakit Company Limited and Alliance International Medical Center Company Limited and P&S Oneness Wealth Company Limited on the patient referral activities and trading of medicines and medical supplies and catering services and land rental for the benefits of the company.

The company will disclose the related transactions in the audited Note to Financial Statements, with an awareness to comply with the generally accepted accounting principles.

8. Summary of Financial Results and Operation

Wattana Karnpaet Public Company Limited (“Company”) reported the total revenue in 2020 to be Baht 312.644 million, decreased from Baht 374.900 million in 2019, or decreased by 16.61 per cent. The revenue from hospital operations was Baht 305.910 million in 2020, decreased from Baht 369.650 million, or 17.24 per cent from last year. Other income was Baht 6.734 million in 2020, increased from Baht 5.251 million of last year, or increased by 28.26 per cent. The decrease in the total revenue was resulted from the decreased numbers of patients, especially foreign patients, due to the Covid-19 crisis.

In 2020, the Company has EBITDA of Baht 39.799 million, which decreased from Baht 52.824 million in last year, or 24.66 per cent.

The Company reported net profit of Baht 1.636 million, decreased from Baht 17.339 million, or 90.57 per cent from last year. Or basic earning per share of 0.16 Baht.

Major events in 2020

1. Covid-19 crisis led to the decrease in number of patients, especially foreign patients who cannot travel into Thailand
2. Adjusted the services to New Normal situation, for examples introduction of Telemedicine services and Home delivery for health care services
3. Open Alternative Hospital Quarantine service to serve foreign patients to hospitalized during quarantine at the hospital
4. Provide Covid Lab Test service

1. Financial Summary 2020 and Profitability

Operating Income

(Million Baht)	2020	2019	%Change
Revenue from hospital operations	305.910	369.650	-17.24%
Other Income	6.734	5.251	28.26%
Total Income	312.644	374.900	-16.61%

In 2020, the Company had the total income of Baht 312.644 million, decreased from Baht 374.900 million of last year, or a 16.61 per cent decrease from last year. And the hospital operations income decreased by Baht 63.740 million, or 17.24 per cent. This was mainly from the decrease in the patient numbers due to the Covid-19 crisis.

Cost and Expenses

(Million Baht)	2020	2019	%Change
Cost of hospital operations	239.813	270.205	-11.25%
Administrative expenses	67.135	79.992	-16.07%
Total cost and expenses and depreciation	306.948	350.197	-12.35%

In 2020, the Company had the cost of hospital operations and administrative expenses of Baht 306.948 million, decreased from Baht 350.197 million of last year, or 12.35 per cent from last year.

This comprises of cost of hospital operations of Bath 239.813 million, which decreased from Baht 270.205 million of last year, or 11.25 per cent. The decrease in cost of hospital operations was due to the decreased number of patients.

The Administrative expenses in 2020 was Bath 67.135 million, decreased from Baht 79.992 million of last year, or 16.07 per cent. The decreased in expense was from the strictly cost control to response to the decrease in company income due to the Covid-19 crisis.

Profitability Analysis

(Million Baht)	2020	2019	%Change
EBITDA	39.799	52.824	-24.66%
EBITDA margin	13%	14%	
EBIT	5.696	24.704	-76.94%
EBIT margin	2%	7%	
Net profit	1.636	17.339	-90.57%
Net profit margin	0.5%	5%	
Basic earning per share	0.16	1.73	-90.57%

From the above mentioned, EBITDA in 2020 was Baht 39.799 million, decreased from Baht 52.824 million in 2019, or decreased by 24.66 per cent. The EBITDA margin was 13 per cent.

Balance Sheet and Cash Flow

Balance Sheet

(Million Baht)	31 Dec 2020	31 Dec 2019	% Change
Total Assets	533.899	486.192	9.81%
Total Liabilities	173.894	129.323	34.46%
Total Shareholders' Equity	360.005	356.868	0.85%

In 2020, the Total Assets of the Company as of 31 December 2020 was Baht 533.899 million, increased from Baht 486.192 million of last year, or increased by 9.81 per cent. This comprises of current assets of Baht 111.029 million, increased from Baht 78.088 million in 2019, or 42.18 per cent. And non-current assets of Baht 422.870 million, increased from Baht 408.103 million of last year, or 3.62 per cent.

The Total Liabilities as of 31 December 2020 was Baht 173.894 million, increased from Baht 129.323 million in 2019, or 34.46 per cent.

The Shareholders' Equity as of 31 December 2020 was Baht 360.005 million, increased from Baht 356.868 million of last year, or increased by 0.85 per cent.

The main factors causing the increases in the total assets and liabilities include the increase in loan from financial institution of around Baht 40 million to spare for in case of the economy crisis from the spreading of Covid-19 situation got worse. Also the implementation of the new accounting standard introducing the Right of use asset and Lease liabilities into the Statement of Financial Position.

Cash Flows

(Million Baht)	2020
Net cash provided by operating activities	39.444
Net cash used in investing activities	70.141
Net cash provided by financing activities	32.087
Net increase in cash and cash equivalents	1.391
Cash and cash equivalents as at the beginning of the year	14.880
Cash and cash equivalents as at the end of the year	16.270

As of 31 December 2020, the Company had net decrease in cash and cash equivalent of Baht 1.391 million, with the cash and cash equivalents as of 31 December 2020 was Baht 16.270 million.

The net cash provided by operating activities was Baht 39.444 million. The net cash used in investing activities was Baht 70.141 million. Out of this amount was the temporary and long term investment for purpose of earning interests from cash deposit and funds.

The net cash obtained from financing activities was Baht 32.087 million, which mainly was long term loans from financial institution.

2.Assets utilization

	2020	2019
Accounts receivable turnover	7.69	6.96
Number of days of receivables (days)	46.83	51.69
Inventory turnover	4.34	6.09
Number of days of inventory (days)	82.95	59.11

In 2020, the accounts receivable turnover increased to 7.69, of which the number of days of receivables also dropped to 46.83 days. This indicates more effectiveness in the account receivable follow up system in place.

In 2020, the number of days of inventory was increased by 23.84 days, higher than that of last year. This was due to the outbreak of virus Covid-19 led to the needs to increase the inventory to have sufficient stock in case of emergency situation and the medicines and medical supplies logistics could not operate as normal. This also was prepared for a situation of shortage of personal protection equipment (PPE), if it was to take place again.

3.Liquidity and sufficiency of funding

	2020	2019
Current ratio	1.09	1.13
Quick ratio	1.01	1.03
Cash ratio	0.95	0.56
Interest coverage	1.46	8.08

From the liquidity side, the current ratio of the company was 1.09 which sufficient for an ordinary business operations. In 2020, the company's Quick ratio and Cash ratio was 1.01 and 0.95 respectively, and the Interest coverage was 1.46, which is adequate.

4.Debt payment

	2020	2019
Interest coverage	1.46	8.08
Debt service coverage (Cash Basis)	1.14	1.08
Debt to equity ratio	0.48	0.36

The company has an ability to service debt. The interest coverage was 1.46 in 2020, decreased from that of last year. This was because the company took up more loan to prepare as cash reserve in case of crisis situation and the profit in the year was lower due to the Covid-19 situation. The debt service coverage (cash basis) in 2020 was 1.14, increased slightly from last year.

In 2020, the debt to equity ratio was 0.48, which was the increased from last year.

**9. Significant factors potentially affecting the financial status or the operations in the future
(Forward Looking)**

In 2021, the economy trend is still not recovered from the Covid-19 crisis, which still not under control in the global scale and national scale. This is despite of the vaccines have been started to be administered in Thailand. The consumers' behaviors still expected to be of cautious, consequently for private hospital it is expected that that income of this year will continue to be stagnant or lowered in case there is a mutation of Covid-19 possibly leading to another lock down.

As for the internal political situation in Thailand that still have conflicts, may be factors in 2021 to adverse affect the recovery of the economy.

WATTANA KARNAET PUBLIC COMPANY LIMITED
FINANCIAL STATEMENTS
As At December 31, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
WATTANA KARNAET PUBLIC COMPANY LIMITED

Opinion

I have audited the accompanying financial statements of WATTANA KARNAET PUBLIC COMPANY LIMITED, which comprise the statement of financial position as at December 31, 2020, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WATTANA KARNAET PUBLIC COMPANY LIMITED as at December 31, 2020, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements. My opinion on the financial statements is not modified with respect to any of the key audit matters described below, and I do not express an opinion on these individual matters.

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

Key audit matter and how audit procedures respond for each matter are described below;

INDEPENDENT AUDITOR'S REPORT (Con't) -2-

Revenue recognition

The Company has principle income from hospital business for the year ended December 31, 2020 amounting to Baht 305.91 million representing 97.85% of total revenue and there are a large number of revenue transaction and it also has several components, such as revenue from hospital, revenue from sales of medicines, revenue from hospital rooms which are derived from provision of services to various types and a large number of customers. Furthermore, discount given to the party are different. There are, therefore, risks with respect to the amount and timing of revenue recognition. I therefore, consider the recognition of revenue from hospital operation to be key matter.

My significant audit procedures are assessing and testing the Company's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I also applied method to sampling examining supporting documents for revenue transactions occurring during the year and near the end of accounting period, I requested a balance confirmation from accounts receivable, testing the cut-off of revenue recognition, reviewing of credit notes that the Company issued after the period - end. In addition, I performed analytical procedures to detect possible irregularities in revenue transactions throughout the period.

Emphasis of matter

I draw attention to Note 3.2 to the financial statements, which describes the accounting policies in relation to adopting the temporary exemptions announced by the Federation of Accounting Professions to relieve the impact from COVID-19 in preparation of the financial statements for the period from January 1, 2020 to December 31, 2020. My opinion is not modified in respect to this matter.

Other Information

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (Con't) -3-

Responsibilities of Management and Those Charged with Governance for the financial statements

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

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

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

Auditor's Responsibilities for the Audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (Con't) -4-

Auditor's Responsibilities for the Audit of the financial statements (Con't)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I am also required to 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is Chaovana Viwatpanachati.



(Chaovana Viwatpanachati)

Certified Public Accountant (Thailand) No. 4712

OFFICE OF PITISEVI CO., LTD.

8/4, Floor 1st, 3rd, Soi Viphavadee Rangsit 44,
Chatuchak, Bangkok

February 28, 2021

WATTANA KARNPAET PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Note	Unit : Baht	
		2020	2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	16,270,272.32	14,879,684.68
Trade accounts and other current receivables - net	4, 6.2, 8	21,830,215.50	31,188,431.17
Inventories		7,410,163.77	6,088,373.34
Other current financial assets	4.1, 9	65,290,673.35	25,030,044.78
Other current assets		228,045.25	901,766.42
Total current assets		111,029,370.19	78,088,300.39
NON - CURRENT ASSETS			
Other non - current financial assets	4.1, 10	25,000,000.00	5,000,000.00
Property plant and equipment - net	11	367,026,003.92	385,549,885.69
Right of use asset - net	4, 12	13,040,772.62	-
Intangible assets - net	13	3,892,883.21	4,737,315.41
Deferred tax assets - net	14	5,361,059.84	6,484,324.24
Non - current non-cash financial assets			
pledged as collaterals	15	5,020,000.00	5,020,000.00
Other non - current assets		3,528,879.81	1,311,721.21
Total non - current assets		422,869,599.40	408,103,246.55
TOTAL ASSETS		533,898,969.59	486,191,546.94

The notes to the financial statements are an integral part of these financial statements.

WATTANA KARNPAET PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (Con't)

AS AT DECEMBER 31, 2020

		Unit : Baht	
		September 30, 2020	December 31, 2019
		(Unaudited)	(Audited)
		(Reviewed)	
	Note		
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
CURRENT LIABILITIES			
Bank overdraft and short - term loans from financial institutions	16	10,000,000.00	2,663,726.13
Trade accounts and other current payables	6.2, 17	42,387,081.33	39,333,713.02
Current portion of long - term liabilities			
Long - term loan from financial institution	18	35,240,000.00	10,740,000.00
Lease liabilities	4, 6.2, 12	1,531,345.96	940,383.54
Provision of current liabilities for employee benefit	19	12,250,000.00	12,781,065.00
Accrued income tax		-	1,809,280.94
Accrued dividend		229,861.95	221,299.35
Other current liabilities		335,336.45	358,002.73
Total current liabilities		101,973,625.69	68,847,470.71
NON - CURRENT LIABILITIES			
Long - term loan from financial institution - net	18	45,565,000.00	40,805,000.00
Lease liabilities - net	4, 6.2, 12	11,891,418.17	-
Provision of non - current liabilities for employee benefit - net	19	14,463,981.00	19,670,601.00
Total non - current liabilities		71,920,399.17	60,475,601.00
TOTAL LIABILITIES		173,894,024.86	129,323,071.71

The notes to the financial statements are an integral part of these financial statements.

WATTANA KARNPAET PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (Con't)

AS AT DECEMBER 31, 2020

	Note	Unit : Baht	
		2020	2019
LIABILITIES AND SHAREHOLDERS' EQUITY (Con't)			
SHAREHOLDERS' EQUITY			
Share capital			
10,000,000 common shares of Baht 10.- each		100,000,000.00	100,000,000.00
Issued and paid - up share capital			
10,000,000 common shares of Baht 10.- each		100,000,000.00	100,000,000.00
Premium on common shares		62,500,000.00	62,500,000.00
Retained earnings			
Appropriated - legal reserves		10,000,000.00	10,000,000.00
Unappropriated		187,418,224.73	184,368,475.23
Other components of shareholders' equity	14.2	86,720.00	-
Total shareholders' equity		360,004,944.73	356,868,475.23
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		533,898,969.59	486,191,546.94

The notes to the financial statements are an integral part of these financial statements.

WATTANA KARNAET PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

		Unit : Baht	
	Note	2020	2019
REVENUES			
Revenue from hospital operations	6.1	305,909,727.93	369,649,662.33
Other income	6.1	6,734,338.17	5,250,574.47
Total revenues		<u>312,644,066.10</u>	<u>374,900,236.80</u>
EXPENSES			
Cost of hospital operations	6.1	239,812,841.00	270,204,568.59
Administrative expenses	6.1	67,134,949.15	79,992,055.99
Total expenses		<u>306,947,790.15</u>	<u>350,196,624.58</u>
PROFIT BEFORE FINANCE COST AND INCOME TAX		5,696,275.95	24,703,612.22
Finance cost		<u>(3,908,579.37)</u>	<u>(3,073,758.51)</u>
PROFIT BEFORE INCOME TAX		1,787,696.58	21,629,853.71
Income tax (expenses)	14.2	<u>(152,137.40)</u>	<u>(4,290,793.96)</u>
NET PROFIT FOR THE YEAR		1,635,559.18	17,339,059.75
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) will be reclassified to</i>			
profit or loss in subsequent period :			
Unrealized gain on the changes in value of			
Other current financial assets - net income tax	14.2	86,720.00	-
Gain on remeasurements of employee			
benefit obligations - net income tax	14.2, 19	<u>5,813,311.20</u>	<u>(2,703,297.60)</u>
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		<u><u>7,535,590.38</u></u>	<u><u>14,635,762.15</u></u>
BASIC EARNINGS PER SHARE (BAHT : SHARE)	23	<u>0.16</u>	<u>1.73</u>

The notes to the financial statements are an integral part of these financial statements.

WATTANA KARNAET PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

		Unit : Baht					
	Note	Issued and fully paid - up share capital	Premium on common shares	Retained earnings Appropriated Legal reserves	Unappropriated	Other components of shareholders' equity Gain on changes in value of other current financial assets	Total shareholders' equity
Balance as at January 1, 2019		100,000,000.00	62,500,000.00	10,000,000.00	176,732,713.08	-	349,232,713.08
Dividend paid	21	-	-	-	(7,000,000.00)	-	(7,000,000.00)
Comprehensive profit (loss) for the year							
Net profit for the year		-	-	-	17,339,059.75	-	17,339,059.75
Other comprehensive income (loss)							
Gain on remeasurements of employee benefit obligations	14.2, 19	-	-	-	(2,703,297.60)	-	(2,703,297.60)
Balance as at December 31, 2019		<u>100,000,000.00</u>	<u>62,500,000.00</u>	<u>10,000,000.00</u>	<u>184,368,475.23</u>	<u>-</u>	<u>356,868,475.23</u>
Balance as at January 1, 2020 (before adjustment)		100,000,000.00	62,500,000.00	10,000,000.00	184,368,475.23	-	356,868,475.23
Cumulative effect of change in accounting policies	4	-	-	-	(2,399,120.88)	-	(2,399,120.88)
Balance as at January 1, 2020 (after adjustment)		100,000,000.00	62,500,000.00	10,000,000.00	181,969,354.35	-	354,469,354.35
Dividend paid	21	-	-	-	(2,000,000.00)	-	(2,000,000.00)
Comprehensive income for the year							
Net profit for the year		-	-	-	1,635,559.18	-	1,635,559.18
Other comprehensive income (loss)							
Unrealized gain on changes in value of other current financial assets	14.2	-	-	-	-	86,720.00	86,720.00
Other comprehensive income (loss)							
Gain on remeasurements of employee benefit obligations	14.2, 19	-	-	-	5,813,311.20	-	5,813,311.20
Balance as at December 31, 2020		<u>100,000,000.00</u>	<u>62,500,000.00</u>	<u>10,000,000.00</u>	<u>187,418,224.73</u>	<u>86,720.00</u>	<u>360,004,944.73</u>

The notes to the financial statements are an integral part of these financial statements.

WATTANA KARNAET PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	Unit : Baht	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before income tax		1,787,696.58	21,629,853.71
Reconciliation of net profit to net cash provided by (used in) operating activities :			
Depreciation and amortization expenses	11, 12, 13	34,102,677.14	28,120,670.86
Credit losses		8,266,322.94	1,612,862.00
Expected credit losses	8	-	707,358.20
Reversal of Allowance for expected credit losses	8	(10,655,382.78)	(2,623,276.40)
Provision for employee benefits	19	2,033,621.00	5,465,820.00
Unrealized gain on the changes in value of other current financial assets	9	(182,273.35)	(30,044.78)
Gain from disposal of fixed assets	11	(202,489.50)	67,622.37
Loss from write-off of fixed assets			
Gain on sale of other current financial assets		(44,075.13)	-
Adjust of assets as expense		240,150.23	646,541.25
Adjust of accounts payables as income		(2,038,372.41)	(164,943.65)
Differences from reduction in lease payments	12	(96,866.41)	-
Interest income		(237,390.41)	(317,246.56)
Interest expenses		3,908,579.37	3,073,758.51
Profit provided by operating activities before changes in operational assets and liabilities		36,882,197.27	58,188,975.51
Decrease (Increase) in operating assets:-			
Trade accounts and other current receivables		9,489,079.59	(3,771,442.61)
Inventories		(1,321,790.43)	1,229,657.70
Other current assets		673,721.17	(454,020.52)
Other non - current assets		(145,684.57)	(4,287.58)
Increase (Decrease) in operating liabilities :			
Trade accounts and other current payables		2,683,386.14	(4,900,596.88)
Employee benefit expenses for the year	19	(504,667.00)	-
Other current liabilities		(22,666.28)	(1,854,189.51)
Cash provided by (used in) operating activities		47,733,575.89	48,434,096.11
Interest paid		(3,904,578.90)	(3,059,354.15)
Income tax paid		(4,384,635.77)	(4,323,637.65)
Net cash provided by (used in) operating activities		39,444,361.22	41,051,104.31

The notes to the financial statements are an integral part of these financial statements.

WATTANA KARNPAET PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (Con't)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	Unit : Baht	
		2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (Increase) in fixed deposits		(5,000,000.00)	(10,000,000.00)
Receipt of investment in debt instruments measured at fair value	9	15,074,119.91	-
Purchase of investment in debt instruments measured at fair value	9	(50,000,000.00)	-
Purchase of other - non current financial assets	10	(20,000,000.00)	-
Proceeds from disposal of fixed assets	11	727,395.54	-
Acquisition of property, plant and equipment	11	(11,184,131.81)	(11,653,821.93)
Purchase of intangible assets		-	(79,425.00)
Interest received		241,356.16	321,568.48
Net cash provided by (used in) investing activities		(70,141,260.20)	(21,411,678.45)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in bank overdraft and short - term loans			
from financial institutions		7,336,273.87	(636,429.61)
Receipt of long - term loans from financial institutions	18	40,000,000.00	-
Repayments of long - term loans from financial institution	18	(10,740,000.00)	(10,740,000.00)
Repayment of Lease liabilities	12	(2,517,349.85)	(2,091,229.79)
Dividend paid	21	(1,991,437.40)	(6,972,216.10)
Net cash provided by (used in) financing activities		32,087,486.62	(20,439,875.50)
Increase (Decrease) in cash and cash equivalents - net		1,390,587.64	(800,449.64)
Cash and cash equivalents at the beginning of the year		14,879,684.68	15,680,134.32
Cash and cash equivalents at end of the year		16,270,272.32	14,879,684.68

SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:

1. Non - cash items			
Purchase of fixed assets on credit	11	2,212,764.00	770,702.75
Accrued dividend		229,861.95	221,299.35
Unrealized gain on the changes in value of Other current			
financial assets	9	108,400.00	-
Increase in right-of-use assets and lease liabilities			
under lease contracts	12	5,031,048.04	-
2. Unrealize credit facilities for future working capital		20,000,000.00	26,136,273.87

The notes to the financial statements are an integral part of these financial statements.

WATTANA KARNPAET PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1. GENERAL INFORMATION

1.1 The Company was registered under the Civil and Commercial Code on March 15, 1985, and on June 9, 1994, it was registered to be a Limited Public Company. Its office is located at 70/7-8 Suphakitjanya Road, Mhakkang Sub-district, Muang Udonthanee District, Udonthanee. The Company's main business activity is operating hospital under the name "North Eastern Wattana Hospital".

1.2 Coronavirus disease 2019 Pandemic (COVID-19)

The Coronavirus disease 2019 (COVID-19) in Thailand and other countries pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company management has continuously monitored ongoing developments and evaluated its operation and the management must use estimate and judgement in respect of various issues as the situation has evolved.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The consolidated and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards under the Accounting Act B.E. 2543 (2000) being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 (2004) including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("TFAC") and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535 (1992).

The consolidated and separate financial statements have been presented in accordance with Thai Accounting Standards No. 1 (Revised 2019) subject : "Presentation of Financial Statements" and the requirements of The Department of Business Development announcement subject : "The mandatory items, have to be presented in the financial statements, No.3, B.E. 2562" dated December 26, 2019 under the Accounting Act B.E. 2543. which is effective for the preparation of financial statements of the Public Company Limited for the accounting period commencing on or after January 1, 2020.

The financial statements are presented in Thai Baht, which is the Company's functional currency unless otherwise stated.

3. ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNTING TREATMENT GUIDANCE AS ANNOUNCED BY THE FEDERATION OF ACCOUNTING PROFESSIONS

3.1 Adoption of new accounting standards effective in the current year

In current year, the Company has applied the revised (revised 2019) and newly Thai Accounting Standards (TAS), Thai Financial Reporting Standard (TFRS) Interpretations (SIC and TFRIC) and Accounting Treatment Guidance as announced by the Federation of Accounting Professions which are effective for fiscal periods beginning on or after 1 January 2020.

The above-mentioned standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, provision of interpretations and accounting guidance to users of accounting standards and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company.

The set of TFRSs related to financial instruments

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

Thai Accounting Standards

TAS 32 (revised 2019)	Financial Instruments: Presentation
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Thai Financial Reporting Standard

TFRS 7 (revised 2019)	Financial Instruments: Disclosures
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TFRS 9 (revised 2019)	Financial Instruments
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Interpretations

TFRIC 16 (revised 2019)	Hedges of a Net Investment in a Foreign Operation
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TFRIC 19 (revised 2019)	Extinguishing Financial Liabilities with Equity Instruments
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These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The effects of the adoption of these accounting standards are described below:

Classification and measurement of investments in available-for-sale debt securities - The Company has decided to classify these investments as financial assets at amortized cost or fair value through other comprehensive income or fair value through profit or loss based on their characteristics of the contractual cash flows and the Company's business model on the TFRS 9 transition date.

Recognition of expected credit losses - The Company is to recognize an allowance for expected credit losses on its financial assets, and they are no longer necessary for a credit - impaired event to have occurred. The Company management has considered that the recognition of credit losses does have any significant impact on the adjustment of retained earnings as at January 1, 2020. (See note 4 to the financial statement)

3. ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNTING TREATMENT GUIDANCE AS ANNOUNCED BY THE FEDERATION OF ACCOUNTING PROFESSIONS (Con't)

3.1 Adoption of new accounting standards effective in the current year (Con't)

IFRS 16 Leases

IFRS 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 recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

However, accounting by lessors under IFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The new and amended financial reporting standards that will have no significant impact on the Group are:

Thai Accounting Standards

TAS 12 (revised 2019)	Income tax
TAS 19 (revised 2019)	Employee benefits
TAS 23 (revised 2019)	Borrowing cost
TAS 28 (revised 2019)	Investments in associated and joint ventures

Thai Financial Reporting Standards

IFRS 3 (revised 2019)	Business combinations
IFRS 11 (revised 2019)	Joint arrangements

Interpretation

IFRIC 23	Uncertainty over income tax treatments
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This Thai Financial Reporting Standard has no impact to the Company.

3.2 Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact 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 January 1, 2020 and December 31, 2020.

The Company has elected to apply the following temporary relief measures on accounting alternatives:

- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.

3. ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNTING TREATMENT GUIDANCE AS ANNOUNCED BY THE FEDERATION OF ACCOUNTING PROFESSIONS (Con't)

3.2 Accounting Treatment Guidance on "Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation" (Con't)

- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognized in each period reversed in proportion to the reduction, with any differences then recognized in profit or loss.

The Company is evaluating the impact on the financial statements and will consider recording the impact after the relief measures expire.

3.3 New Thai Accounting Standards announce during the year not yet adopted.

In current year, the Federation of Accounting Professions has issued Notification regarding the revised (revised 2020) and newly Conceptual Framework for Financial Reporting Thai Accounting Standard (TAS), Thai Financial Reporting Standard (TFRS), Interpretations (TSIC and TFRIC) and Accounting Treatment Guidance which were announced and these have been published in the Royal Gazette which effective for the financial statements for fiscal years beginning on or after January 1, 2021. The Company has not applied such standards before the effective year.

The above-mentioned standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, provision of interpretations and accounting guidance to users of accounting standards and clarifications directed towards disclosures in the notes to financial statements. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

Conceptual Framework for Financial Reporting

Revised Conceptual Framework for Financial Reporting added the following key principals and guidance:

- Measurement basis, including factors in considering difference measurement basis
- Presentation and disclosure, including classification of income and expenses in other comprehensive income
- Definition of a reporting entity, which maybe a legal entity, or a portion of an entity
- Derecognition of assets and liabilities

The amendment also includes the revision to the definition of an asset and liability in the financial statements, clarification the role of management's ability to maintain the entity's economic resources, and uncertainty of the measurement in financial reporting.

The management of the Company is still evaluating the possible impact on the financial statements in the year in which TAS TFRS and Interpretation will be applied.

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 statement, during the current year, the Company has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognized as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts from changes in accounting policies due to the adoption of these standards are presented as follows:

	Unit : Baht			January 1, 2020
	December 31, 2019	The impacts of		
		Financial reporting standards related to financial instruments	TFRS 16	
Assets				
Current assets				
Trade accounts and other current receivables - net	31,188,431.17	(2,251,960.17)	(28,000.00)	28,908,471.00
Total current assets	31,188,431.17	(2,251,960.17)	(28,000.00)	28,908,471.00
Non - current assets				
Right-of-use assets	-	-	11,246,517.84	11,246,517.84
Total non-current assets	-	-	11,246,517.84	11,246,517.84
Total Assets	31,188,431.17	(2,251,960.17)	11,218,517.84	40,154,988.84
Liabilities and shareholders' equity				
Non-current liabilities				
Lease liabilities	-	-	11,365,678.55	11,365,678.55
Other non-current liabilities	-	-	11,365,678.55	11,365,678.55
Total liabilities	-	-	11,365,678.55	11,365,678.55
Shareholders' equity				
Retained earnings - unappropriated	184,368,475.23	(2,251,960.17)	(147,160.71)	181,969,354.35
Total shareholders' equity	184,368,475.23	(2,251,960.17)	(147,160.71)	181,969,354.35

4. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS (Con't)

4.1 Financial Instrument

Classification and measurement

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

	Unit : Baht			
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Amortized cost	Total
Financial assets				
as at 1 January 2020				
Cash and cash equivalents	14,879,684.68	-	14,879,684.68	14,879,684.68
Other current financial assets	-	15,030,044.78	10,000,000.00	25,030,044.78
Trade and other current receivables - net	31,188,431.17	-	28,908,471.00	28,908,471.00
Other current assets	901,766.42	-	901,766.42	901,766.42
Cash at bank held as collateral	5,020,000.00	-	-	-
Other non - current financial assets	-	-	5,000,000.00	5,000,000.00
Non - current non-cash financial assets pledged as collaterals	-	-	5,020,000.00	5,020,000.00
Other non - current assets	1,311,721.21	-	1,311,721.21	1,311,721.21
Financial Liabilities				
as at 1 January 2020				
Bank overdraft	2,663,726.13	-	2,663,726.13	2,663,726.13
Trade accounts and other current payables	39,333,713.02	-	39,333,713.02	39,333,713.02
Accrued dividend	221,299.35	-	221,299.35	221,299.35
Other current liabilities	358,002.73	-	358,002.73	358,002.73
Long - term loan from financial institution	51,545,000.00	-	51,545,000.00	51,545,000.00

Financial assets and Liabilities measured at amortized cost approximate carrying amount.

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

Impairment of financial assets

The Company has trade receivables that are subject to the expected credit loss model. The Company has trade receivables that are subject to the expected credit loss model.

4. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS (Con't)

4.1 Financial Instrument (Con't)

Trade receivables

The Company applies the simplified approach to measuring expected credit losses, which use a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses model whereas previously, the Company estimated the allowance for doubtful account by analyzing payment histories and future expectation of customer payment. Thai Financial Reporting Standard requires considerable judgment about how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortized cost, contract assets, lease receivables and debt investments measured at FVOCI, except for investment in equity instruments.

The Allowance for expected credit losses as at 31 December 2019 is reconciled to the opening loss allowance for trade receivables as follow:

	Unit : Baht
<u>Allowance for expected credit losses</u>	
As at 31 December 2019	10,817,361.65
Amounts restated through opening unappropriated retained earnings	2,251,960.17
As at 1 January 2020	13,069,321.82

4.2 Leases

Upon initial application of TFRS 16, the Company recognized lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using incremental borrowing rates as at January 1, 2020. For leases previously classified as finance leases, the Company recognized 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 : Baht
Operating lease commitments as at 31 December 2019	207,750.00
Adjustments :	
<u>Less</u> Short-term leases and leases of low-value assets	(179,750.00)
<u>Add</u> Option to extend lease term	14,394,000.00
Total	14,422,000.00
<u>Less</u> Deferred interest expense	(3,056,321.45)
Lease liabilities as at 1 January 2020 (before classification)	11,365,678.55
Lease liabilities classification	940,383.54
Lease liabilities as at 1 January 2020 (after classification)	12,306,062.09
Lease liabilities - current liabilities	1,373,115.44
Lease liabilities - non current liabilities	10,932,946.65

4. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS (Con't)**4.2 Leases (Con't)**

The adjustments of right-of-use assets due to TFRS 16 adoption as at January 1, 2020 are summarized below.

	Unit : Baht
Land and Building	9,792,805.29
Vehicles	1,453,712.55
Total right-of-use assets	<u>11,246,517.84</u>

5. SIGNIFICANT ACCOUNTING POLICIES

The consolidated and separate financial statements are prepared on the historical cost basis in measuring the value of the component of financial statements except as described in the each following accounting policies.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and except a new accounting policy for the year 2020 as a result of the first adoption of revised and newly accounting standard as follows :-

- Financial instrument
- Lease

Details of the new accounting policies adopted by the Company as disclosed in Note 5.14 and 5.16 to the financial statements respectively.

5.1 Recognition of revenues and expenses

Revenue is recognized when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Company expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Revenue from hospital activities mostly consist of revenue from patients treatment service, patient rooms, medicines and other are recognized as revenue when sales of medicine or treatment service is already performed.

Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers.

Rental income is recognizes on a straight-line basis over the term of the lease.

Interest income is recognized as interest accrues based on the effective rate method.

Other income and expenses are recognized on an accrual basis.

5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

5.2 Cash and cash equivalent

Cash and cash equivalent consist of cash on hand, bank deposits with financial institution with an original maturities of 3 month or less, which are not restricted to any use and all highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and including call notes receivable and term notes receivable maturing within 3 months or less and not subject to withdrawal restrictions.

Time deposits with maturity exceed three-month period but less than twelve-month period is recorded as other current financial assets.

Cash at bank that have restricted in use are presented separately as " Non - current non-cash financial assets pledged as collaterals" under non-current assets in the statement of financial position.

5.3 Trade accounts and other current receivable and allowance for expected credit losses

Accounting policies adopted since January 1, 2020

Trade accounts receivable are stated at the net allowance for expected credit losses.

The allowance for expected credit losses has disclosed in Note 5.16

Accounting policies adopted before January 1, 2020

Trade accounts receivable are stated at the net realizable value.

The Company provide allowance for doubtful accounts for estimated losses that may incur in correction of receivables. The allowance is based on collection experiences and current status of receivables outstanding at the reporting date.

Bad debts are written off when incurred. Bad debts are written off during the year in which they are identified and recognized in profit or loss within administrative expenses.

5.4 Inventories

Inventories are valued at the lower of cost or net realizable value, cost are using FIFO method and is charged to vessel costs of goods sold whenever consumed.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates.

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

5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

5.5 Property, plant and equipment

Land is stated at cost less provision for impairment of assets (if any).

Property and equipment are presented at cost less from accumulated depreciation and net allowance for impairment loss (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self - constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

When parts of an item of lands, premises and equipment have different useful lives, they are accounted for as separate items (major components) of lands, premises and equipment.

Expenditure for additions, replacement and betterment are capitalized. Repair and maintenance costs are recognized as expenses in the statement of comprehensive income when incurred.

An item of property, plant and equipment is derecognized 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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The depreciation for all assets is computed by reference to their costs after deducting residual value, on the straight-line basis over the estimated useful lives as follows:

Building and improvement	5 - 30	Years
Tool and medical equipment	5 - 15	Years
Furniture, fixture and office equipment	3 - 10	Years
Tools	5 - 10	Years
Vehicles	5 - 10	Years

No depreciation is provided for land and assets in progress.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

5.6 Intangible assets and amortization

Intangible assets that are acquired by the Company and have finite useful lives are present at historical cost net of accumulated amortization and allowance for impairment (if any).

Amortized is calculated by straight – line basis over the asset economic useful live as follows:

Computer software	5 - 10	Years
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5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

5.7 Employee benefit obligations (Con't)

5.7.1 Short - term employee benefit

Short - term employee benefit obligations, which include salary, wages, bonuses, contributions to the social security fund, provident fund and other welfare are measured on an undiscounted basis and are recognized as expenses when incurred.

5.7.2 Defined contribution plans

The Company operates a provident fund, being a defined contribution plan, the asset for which is held in a separate trustee-administered fund. The provident fund is funded by payments from employees and by the Company.

The Company's contributions to the provident fund are charged in profit or loss in the year to which they relate.

5.7.3 Employee Benefit Plans

The retirement benefit is a defined benefit plan that an employee will receive on retirement according to Thai Labor Law depending on age and years of service.

The liability of retirement benefit is recognized in the statement of financial position using the present value of the obligation at the reporting date and past service costs. The retirement benefit is calculated annually by an independent actuary using the projected unit credit method. The present value of the benefit obligations is determined by discounting the estimated future cash outflows using interest rates of referred government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related retirement liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in comprehensive income or loss. 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 recognizes restructuring-related costs.

5.8 Interest-bearing liabilities

Interest-bearing liabilities are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortized cost with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings on an effective interest basis.

5.9 Provision

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

5.10 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that they relate to a business combination, or items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax :

Deferred income tax is recognized, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax :

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

At each reporting date, the Company 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 utilized.

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

5.11 Basic earnings per share

Basic earnings per share is determined by dividing the net income for the year by the number of weighted-average common shares issued and paid-up during the year.

5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

5.12 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company.

They also include associate companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations, including the close family members who can persuade or have power to persuade to act in compliance with said persons and businesses that said persons who have control power or significant influence, either directly or indirectly.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

5.13 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment, right-of-use assets, investment properties and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

The recoverable amount of assets is the greater of the asset's value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized in profit or loss.

For assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company and its subsidiaries estimate the asset's recoverable amount in which case an impairment loss recognized in prior periods for an asset other than goodwill shall be reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

15.14 lease

At inception of contract, the Company assesses 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.

The Company assesses the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercise by considering the effect of changes in technology and/or the other circumstance relating to the extension of the lease term.

Accounting policies adopted since January 1, 2020

Long term lease - Lessee

The Company 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 recognizes 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 any 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 recognized, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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 and building	6 - 11	Years
Vehicles	5	Years

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

15.14 lease (Con't)

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

Company 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 recognized as expenses on a straight-line basis over the lease term.

Sale and leaseback transactions

The Company measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company. Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the lessor.

If the fair value of the consideration for the sale of an asset lower than the fair value of the asset, the difference is accounted for as a prepayment of lease payments to measure the sale proceeds at fair value.

Long term lease - Lessor*Operating leases*

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognized as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognized as an expense over the lease term on the same basis as the lease income.

Sub lease

In sublease transactions for which an underlying asset is subleased by the Company to a third party, and the head lease between the head lessor and the Company remains in effect, the Company classifies the sublease as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease, rather than with reference to the underlying asset that is the subject of the lease.

5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

15.14 lease (Con't)

If the Company enters into two or more contracts at or near the same time with the same counterparty, these contracts are leases and they are negotiated as a package with an overall commercial objective, the Company combines the contracts and accounts for them.

Accounting policies adopted before January 1, 2020

Long term lease - Lessee

Operating lease

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

Finance lease

Finance lease are the leases in which substantially all the risks and rewards of ownership other than legal title are transferred to the Company. At inception, the fair value of the leased assets is recorded together with the obligations after netting deferred interest. The leased assets are depreciated using the straight-line method over their estimated useful lives. Interest, finance charge, or depreciation are recognized in profit or loss.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place

Long term lease - Lessor

Operating lease

The Company present assets for lease under operating lease contract in the statement of financial position according to the nature of the assets. Income from operating lease is recognized as income over the lease term.

Finance lease

Leases which the Company transfer substantially all the risks and rewards of ownership are classified as finance leases. Amounts due from leases under hire purchases and financial leases are recorded as receivables at the amount of the Company net investment in leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Company net investment outstanding in respect of the leases.

Initial costs directly attributable to a hire purchase contract, such as commissions, are included in the measurement of the net investment in the lease and reflected in the calculation of the implicit interest rate.

5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

5.15 Operating segments

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

5.16 Financial Instruments

Accounting policies adopted since January 1, 2020

The Company 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 fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortized cost. The classification of financial assets at initial recognition is driven by the Company business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the comprehensive income statement.

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

Dividends on listed equity investments are recognized as other income in the income statement.

Financial assets at FVOCI (debt instruments)

The Company measure financial assets at FVOCI if the financial asset is held to collect contractual cash flows and selling 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.

Interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the income statement and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the income statement.

5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

5.16 Financial Instruments (Con't)

Financial assets at amortized cost

The Company measures financial assets at amortized 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 amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the income statement when the asset is derecognized, modified or impaired.

Classification and measurement of financial liabilities

Other financial liabilities

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

The Company may elect to measure financial liabilities at FVTPL if doing so eliminates, or significantly reduces a recognition inconsistency (sometimes referred to as an accounting mismatch).

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

A financial liability is derecognized 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 recognized in the profit or loss.

Impairment of financial assets

Debt instruments not held at FVTPL

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

5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

5.16 Financial Instruments (Con't)

Trade receivables

For trade receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes 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.

ECL Calculation

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

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

Written-off

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

5.17 Determination of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date.

The Company applies a quoted market price in an active market to measure 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 measures fair value using valuation technique that are appropriate in the circumstances and maximizes the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

5.17 Determination of fair values (Con't)

In applying the above-mentioned valuation techniques, the Company endeavor to use relevant observable inputs as much as possible. TFRS 13, Fair Value Measurement establishes a fair value hierarchy categorizing such inputs into three levels as follows:

Level 1 : Use of quoted market prices in an observable active market for such assets or liabilities (unadjusted)

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

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

At the end of each reporting period, the Company 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.

5.18 Significant accounting judgments and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, thus, the actual results may differ from carrying amounts of assets and liabilities based on the estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected.

All other estimates mentioned above are further detailed in the corresponding disclosures except significant accounting judgments and estimates are as follow:

15.18.1 Revenue from contracts with customers

Identification of performance obligations :

In identifying performance obligations, the management is required to use judgement regarding whether each promise to deliver goods or services is considered distinct, taking into consideration terms and conditions of the arrangement. In other words, if a good or service is separately identifiable from other promises in the contract and if the customer can benefit from it, it is accounted for separately.

5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

5.18 Significant accounting judgments and estimates (Con't)

Determination of timing of revenue recognition :

In determining the timing of revenue recognition, the management is required to use judgement regarding whether performance obligations are satisfied over time or at a point in time, taking into consideration terms and conditions of the arrangement. The Company recognize revenue over time in the following circumstances:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

Where the above criteria are not met, revenue is recognized at a point in time. Where revenue is recognized at a point in time, the management is required to determine when the performance obligation under the contract is satisfied.

Costs to obtain contracts :

The recognition of costs incurred to obtain a contract as an asset requires management to use judgement regarding whether such costs are the incremental costs of obtaining a contract with a customer as well as what amortization method should be used.

15.18.2 Recognition and derecognition of assets and liabilities

In considering whether to recognize or to derecognize assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

15.18.3 Allowance for expected credit losses of trade receivables

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

15.18.4 Depreciation of Property plant and equipment and right-of-use assets and amortization of intangible assets

In determining depreciation of plant and equipment and right-of-use assets and amortization of intangible assets, the management is required to make estimates of the useful lives and residual values (if any) and to review useful lives and residual values when there are any changes.

5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

5.18 Significant accounting judgments and estimates (Con't)

15.18.5 Intangible assets

The initial recognition and measurement of intangible assets require management to make subjective judgments concerning estimates of how the acquired asset will perform in the future using a discounted cash flow analysis. Events and factors that may significantly affect the estimates include, among others, competitive forces, changes in revenue growth trends, cost structures, changes in discount rates and specific industry or market sector conditions.

15.18.6 Deferred tax assets

Deferred tax assets are recognized in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be recognized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

15.18.7 Impairment of non-financial assets

The management is required to review property, plant and equipment, investment property, right-of-use assets, intangible assets and goodwill if there is an indication they may be impaired, and impairment losses are recorded in the period when it is determined that their recoverable amount is lower than the carrying amount.

Indications include significant falls in the market value of assets or the future economic benefits of assets, significant changes in the overall business strategy impacting to the future utilization of assets, significant negative industry or economic trends, significant loss of market share, and significant unfavorable regulatory and court decisions that impact the business.

The impairment analysis of property, plant and equipment, investment property, right-of-use assets, intangible assets and goodwill requires management to make subjective judgments concerning estimates of cash flows to be generated by the assets or the cash generating units and to choose a suitable discount rate in order to determine the present value of those cash flows. The cash flow estimates are based on currently available information about the operations and require management to make judgments regarding future market conditions and future revenues and expenses relevant to the assets or the cash generating units subject to the review. Events and factors that may significantly affect the estimates include, among others, competitive forces, changes in revenue growth trends, cost structures, changes in discount rates and specific industry or market sector conditions.

15.18.8 Provision for employee benefit

In providing retirement employee benefit, the management is required to use judgment to determine the probability that its employee will work until retired by considering the past information which will be revised annually. The assumptions applied in the annual calculation are based on cost of service in the past and terms of employment benefit.

5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

5.18 Significant accounting judgments and estimates (Con't)

15.18.9 Leases

Determining the lease term with extension and termination options - as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Company is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Company to exercise either the extension or termination option. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend or to terminate.

The Company cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate (IBR) to discount lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease classification - as a lessor

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to exercise judgement as to whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Determining the lease term of contracts with renewal and termination options

The Company determine the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The management is required to use judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease, considering all relevant factors that create an economic incentive to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

15.18.10 Fair value of financial instruments

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

5. SIGNIFICANT ACCOUNTING POLICIES (Con't)

5.18 Significant accounting judgments and estimates (Con't)

15.18.11 Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess the results of the litigation and believes that no loss will result and therefore no contingent liabilities are recorded as at the end of reporting date. However, actual results could differ from the estimates.

15.18.12 Tax assessments

The Company has contingent liabilities as the result of tax assessments. The management has used judgment to assess of the results of the tax assessments and believes that no loss will be resulted. Therefore, no contingent liabilities are recorded as at the end of reporting period.

6. TRANSACTIONS WITH RELATED PERSONS AND COMPANY

The Company has certain transactions with its related parties. Part of assets, liabilities, income and expenses are incurred from such related transactions. These companies are related through common shareholdings and/or directorships as follows.-

Company and persons	Relationship	Operation		Percentage of Holdings (%)	
		Type of Business	Location	2020	2019
Related companies					
21 Sattawat Vejchakit Co., Ltd.	1, 2	Hospital	Thailand	-	-
Alliance International Medical Center	1	Medical center	Laos	-	-
P&S Oneness Wealth Co., Ltd.	2	Property development for rent	Thailand	-	-
Wattana Healthcare Group Co., Ltd.	2	Medical training	Thailand	-	-
P&N Asset Plus Co., Ltd.	2	Sell and lease real estate	Thailand	-	-
Wattana Healthcare International Co., Ltd.	2	For investment in medical related business	Thailand	-	-
Related persons					
Mr.Phiphat Tangsubkul	3	-	Thai	-	-
Mr.Sittichai Ungklomklearw	3	-	Thai	-	-
Mrs.Suphawan Tangsubkul	3	-	Thai	-	-
Ms.Bangon Tangsubkul	3	-	Thai	-	-
Ms.Natthira Tangsubkul	4	-	Thai	-	-
Mrs.Phirawan Changsirivathanathamrong	4	-	Thai	-	-
Mr.Phiraphat Tangsubkul	4	-	Thai	-	-

6. TRANSACTIONS WITH RELATED PERSONS AND COMPANY (Con't)

The nature of relationship between the Company and its related persons and companies are as follows:

1. Having certain common directors.
2. Having certain shareholders in common.
3. The Company's directors, management and shareholders.
4. Shareholder and closed family of the Company's director.

The Company has policies on determining price with their related parties as follows:

Transaction	Pricing Policy
1. Disposal of medicine and medical supplies	Cost plus
2. Rental income and other service income	The contract rate
3. Disposal of assets	Cost plus
4. Cost of medicine and medical supplies	Cost price
5. Purchase of medicine and medical supplies	Cost plus
6. Rental expenses and other service expenses	The contract rate
7. Doctor fees	The same rate as non-medical related persons
8. Transfer patients fee	10% of net revenues collected from the patient

6.1 Significant transactions between the Company and related persons and companies in the statement of comprehensive income are as follows:-

	Pricing policies	Unit : Baht	
		2020	2019
Related company			
Revenue from hospital operations	1	745,631.64	1,022,347.29
Other incomes	2, 3, 4, 7	1,411,144.50	1,044,696.47
Cost of hospital operations	5, 6, 7, 8	9,180,087.56	13,626,998.35
Administrative expenses	9	258,304.40	1,320,947.30
Related persons			
Revenue from hospital operations	1	500,483.64	337,896.28
Cost of hospital operations	6, 7, 8	4,910,980.54	4,357,648.22

Management's benefit expenses

The Company has paid salaries, bonus, meeting allowances, contributions to provident fund, other welfare, and meeting allowances to their directors and management and retirement benefit recognized as expenses as follows:

	Unit : Baht	
	2020	2019
Short - term benefits	23,133,513.00	27,174,596.00
Post - employment benefits	585,238.00	1,939,802.00
Total	23,718,751.00	29,114,398.00

6. TRANSACTIONS WITH RELATED PERSONS AND COMPANY (Con't)

6.2 The outstanding balance of account with related parties are as follows:-

	Unit : Baht	
	2020	2019
Trade accounts and other current receivables		
<u>Trade accounts receivables</u>		
Related companies	131,478.22	269,963.62
Related persons	3,111.96	10,683.90
Total trade accounts receivables	134,590.18	280,647.52
<u>Other current receivables</u>		
Related companies	116,032.54	175,839.50
Related persons	35,287.00	70,011.00
Total other current receivables	151,319.54	245,850.50
Total trade accounts and other current receivables	285,909.72	526,498.02
	Unit : Baht	
	2020	2019
Trade accounts and other current payables		
<u>Trade accounts</u>		
related companies	-	37,377.30
<u>Other current payables</u>		
Accrued expenses - related companies	579,807.55	1,234,156.75
Accrued expenses - related persons	12,915.00	10,575.00
Accrued salary and doctor fees - related persons	1,713,741.00	874,939.00
Accrued bonuses - related persons	-	950,000.00
Other	4,500.00	-
Total other current payables	2,310,963.55	3,069,670.75
Total trade accounts and other current payables	2,310,963.55	3,107,048.05
	Unit : Baht	
	2020	2019
Lease liabilities		
Lease liabilities - related companies	9,020,285.37	-
Lease liabilities - related persons	4,314,530.38	-
Total lease liabilities	13,334,815.75	-

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of.-

	Unit : Baht	
	2020	2019
Cash	194,131.00	303,479.00
Cash at bank - current account	6,949,500.17	8,903,466.22
Cash at bank - saving account	9,126,641.15	5,672,739.46
Total	16,270,272.32	14,879,684.68

8. TRADE ACCOUNTS AND OTHER CURRENT RECEIVABLES - NET

Trade accounts and other current receivables - net consists of.-

	Unit : Baht	
	2020	2019
<u>Trade accounts receivables - net</u>		
Contract receivables	20,095,193.45	33,615,871.74
Trade accounts receivable - related persons and companies	134,590.18	280,647.52
Accounts and employees receivables - other persons	1,805,493.69	3,888,152.69
Accrued income	463,760.10	1,781,669.00
Total trade account receivables	22,499,037.42	39,566,340.95
<u>Less</u> Allowance for expected credit losses	(2,413,939.04)	(10,817,361.65)
Total trade account receivables - net	20,085,098.38	28,748,979.30
<u>Other current receivables</u>		
Prepaid expenses	943,362.38	1,667,547.92
Other receivable - related persons and companies	151,319.54	245,850.50
Other receivable - other companies	650,435.20	526,053.45
Total other current receivables	1,745,117.12	2,439,451.87
Total trade accounts and other current receivables - net	21,830,215.50	31,188,431.17

The outstanding balance of trade accounts receivables - net aged by number of months as follows:

	Unit : Baht	
	2020	2019
Accounts receivables not yet due	16,943,366.68	22,797,914.35
Accounts receivables over due		
Under or equal to 3 months	3,149,701.15	4,881,715.44
Over 3 months to 6 months	138,038.00	366,710.81
Over 6 months to 12 months	109,004.00	716,155.00
Over 12 months	2,158,927.59	10,803,845.35
Total	22,499,037.42	39,566,340.95
<u>Less</u> Allowance for expected credit losses	(2,413,939.04)	(10,817,361.65)
Net	20,085,098.38	28,748,979.30

8. TRADE ACCOUNTS AND OTHER CURRENT RECEIVABLES - NET

Movement in Allowance for expected credit losses are as follows:

	Unit : Baht	
	2020	2019
Beginning balance	10,817,361.65	12,733,279.85
<u>Add</u> Adjustment from TFRS 9 adoption (Note 5)	2,251,960.17	-
<u>Add</u> Increase during the year	-	707,358.20
<u>Less</u> Reversal during the year	(2,535,468.28)	-
Reversal form bad debts	(8,119,914.50)	(2,623,276.40)
Ending balance	2,413,939.04	10,817,361.65

In 2020, there was a write-off of bad debt amounting to Baht 8.27 million, which recorded an allowance for expected credit losses amounting to Baht 8.12 million.

9. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets consists of:-

	Unit : Baht					
	2020			2019		
	Amortize cost	Fair value	Total	Amortize cost	Fair value	Total
Fixed deposits 7-12 months	15,000,000.00	-	15,000,000.00	10,000,000.00	-	10,000,000.00
Investments in debt instruments measured at fair value through profit or loss (Note 9.1)						
Investments in open-end funds	-	30,000,000.00	30,000,000.00	-	15,000,000.00	15,000,000.00
<u>Add</u> Unrealised gains on the changes in value off other current financial assets	-	182,273.35	182,273.35	-	30,044.78	30,044.78
Total	-	30,182,273.35	30,182,273.35	-	15,030,044.78	15,030,044.78
Investments in debt instruments measured at fair value through other comprehensive income (Note 9.1)						
Investments in open-end funds	-	20,000,000.00	20,000,000.00	-	-	-
<u>Add</u> Unrealised gains on the changes in value off other current financial assets	-	108,400.00	108,400.00	-	-	-
Total	-	20,108,400.00	20,108,400.00	-	15,030,044.78	15,030,044.78
Total other current financial assets	15,000,000.00	50,290,673.35	65,290,673.35	10,000,000.00	15,030,044.78	25,030,044.78

9. OTHER CURRENT FINANCIAL ASSETS (Con't)

The Company intended to hold such investment in debt instrument for generating profit from short - term fluctuation in price. Therefore, the Company classified the investment as temporary investment in other current financial asset.

9.1 Other current financial assets - Open-end fund are movement below.-

	Unit : Baht	
	2020	2019
Beginning balance - cost	15,000,000.00	-
<u>Add</u> Purchase during the year	50,000,000.00	15,000,000.00
<u>Less</u> Disposal during the year	(15,000,000.00)	-
Ending balance - cost	50,000,000.00	15,000,000.00
<u>Add</u> Allowance for revaluation	290,673.35	30,044.78
Ending balance - fair value	50,290,673.35	15,030,044.78

10. OTHER NON - CURRENT FINANCIAL ASSETS

Other non - current financial assets consists of.-

	Unit : Baht					
	Interest Rate		2020		2019	
	2020	2019	Amortize cost	Fair value	Amortize cost	Fair value
Fixed deposits						
18 - 24 months	1.45%	1.90%	5,000,000.00	-	5,000,000.00	-
Government Savings						
Bank's Lottery - 3 Years						
- 1 st year (Baht : Unit)	0.125	-	20,000,000.00	-	-	-
- 2 nd year (Baht : Unit)	0.25	-				
- 3 rd year (Baht : Unit)	0.40	-				
Total			25,000,000.00	-	5,000,000.00	-

11. PROPERTY, PLANT AND EQUIPMENT - NET

Property, plant and equipment - net, consist of.-

	Unit : Baht							
	Land	Building and improvement	Tool and medical equipment	Furniture, fixture and office equipment	Tools	Vehicles	Assets in progress	Total
Cost								
As at January 1, 2019	66,554,742.60	336,644,752.06	104,045,673.99	52,398,000.45	9,701,521.14	26,140,433.99	79,799,176.23	675,284,300.46
<u>Add</u> Purchase during the year	-	249,112.05	3,597,968.00	2,823,957.77	637,113.38	1,299,000.00	3,817,373.48	12,424,524.68
<u>Add/Less</u> Transfer in (out)	-	55,687,845.73	-	-	-	-	(55,687,845.73)	-
<u>Less</u> Write off during the year	-	-	(1,630,000.00)	(28,066,065.84)	-	-	-	(29,696,065.84)
As at December 31, 2019	66,554,742.60	392,581,709.84	106,013,641.99	27,155,892.38	10,338,634.52	27,439,433.99	27,928,703.98	658,012,759.30
Accumulated depreciation								
As at January 1, 2019	-	133,870,944.65	74,486,793.32	41,462,371.80	6,492,357.90	18,624,734.06	-	274,937,201.73
<u>Add</u> Depreciation for the year	-	14,924,623.93	6,893,590.52	3,023,200.68	786,730.84	1,545,973.98	-	27,174,119.95
<u>Less</u> Write off during the year	-	-	(1,629,999.00)	(28,018,449.07)	-	-	-	(29,648,448.07)
As at December 31, 2019	-	148,795,568.58	79,750,384.84	16,467,123.41	7,279,088.74	20,170,708.04	-	272,462,873.61
Net book value								
As at January 1, 2019	66,554,742.60	202,773,807.41	29,558,880.67	10,935,628.65	3,209,163.24	7,515,699.93	79,799,176.23	400,347,098.73
As at December 31, 2019	66,554,742.60	243,786,141.26	26,263,257.15	10,688,768.97	3,059,545.78	7,268,725.95	27,928,703.98	385,549,885.69

11. PROPERTY, PLANT AND EQUIPMENT - NET (Con't)

	Unit : Baht							
	Land	Building and improvement	Tool and medical equipment	Furniture, fixture and office equipment	Tools	Vehicles	Assets in progress	Total
Cost								
As at January 1, 2020	66,554,742.60	392,581,709.84	106,013,641.99	27,155,892.38	10,338,634.52	27,439,433.99	27,928,703.98	658,012,759.30
Add Purchase during the year	-	-	9,997,010.02	1,332,637.33	465,429.58	299,600.00	1,302,218.88	13,396,895.81
Add/Less Transfer in (out)	-	27,739,272.58	-	-	-	-	(27,739,272.58)	-
Less Write off during the year	-	-	(1,100,000.00)	-	-	(2,373,977.58)	-	(3,473,977.58)
As at December 31, 2020	66,554,742.60	420,320,982.42	114,910,652.01	28,488,529.71	10,804,064.10	25,365,056.41	1,491,650.28	667,935,677.53
Accumulated depreciation								
As at January 1, 2020	-	148,795,568.58	79,750,384.84	16,467,123.41	7,279,088.74	20,170,708.04	-	272,462,873.61
Add Depreciation for the year	-	17,433,188.50	8,364,445.45	3,309,118.55	867,311.25	1,421,807.79	-	31,395,871.54
Less Write off during the year	-	-	(575,094.96)	-	-	(2,373,976.58)	-	(2,949,071.54)
As at December 31, 2020	-	166,228,757.08	87,539,735.33	19,776,241.96	8,146,399.99	19,218,539.25	-	300,909,673.61
Net book value								
As at January 1, 2020	66,554,742.60	243,786,141.26	26,263,257.15	10,688,768.97	3,059,545.78	7,268,725.95	27,928,703.98	385,549,885.69
As at December 31, 2020	66,554,742.60	254,092,225.34	27,370,916.68	8,712,287.75	2,657,664.11	6,146,517.16	1,491,650.28	367,026,003.92

Depreciation for the year ended December 31, consist of.-

	2020	2019
Cost of services	25,951,372.51	24,297,494.94
Administrative expenses	5,444,499.03	2,876,625.01
Total	31,395,871.54	27,174,119.95

The Company mortgaged part of land and building with a local commercial bank as collateral to secure its loans as described in Note 16 and 18 to the financial statement.

As at December 31, 2020 and 2019, the Company had fully depreciated fixed assets but still in active use at the cost value totaling Baht 141.61 million and Baht 126.71 million respectively.

12. LEASES

12.1 Right of use asset - net consist of.-

	Unit : Baht		
	Land and Building	Vehicles	Total
<u>Cost of assets</u>			
As at January 1, 2020 - before adjust	-	-	-
Adjustment from TFRS 16 adoption	10,362,318.48	1,585,868.24	11,948,186.72
As at January 1, 2020 - adjusted	10,362,318.48	1,585,868.24	11,948,186.72
Increase during the year	5,031,048.04	-	5,031,048.04
Disposals during the year	-	(1,585,868.24)	(1,585,868.24)
As at December 31, 2020	<u>15,393,366.52</u>	<u>-</u>	<u>15,393,366.52</u>
<u>Accumulated depreciation</u>			
As at January 1, 2020 - before adjust	-	-	-
Adjustment from TFRS 16 adoption	569,513.19	132,155.69	701,668.88
As at January 1, 2020 - adjusted	569,513.19	132,155.69	701,668.88
Depreciation for the year	1,783,080.71	79,292.69	1,862,373.40
Reversal of depreciation from rental reduction	-	105,724.55	105,724.55
Disposals during the year	-	(317,172.93)	(317,172.93)
As at December 31, 2020	<u>2,352,593.90</u>	<u>-</u>	<u>2,352,593.90</u>
<u>Net book value</u>			
As at January 1, 2020 - before adjust	9,792,805.29	1,453,712.55	11,246,517.84
AS at December 31, 2020	<u>13,040,772.62</u>	<u>-</u>	<u>13,040,772.62</u>

The Company leases several assets including land and buildings and vehicles. The lease term is 5 - 11 years, with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

In 2020, the Company received a rental exemption confirmation letter whereas the lessor shall except the rental for due to the epidemic of covid-19 until the situation is improved. When the lease expired, the Company decided not to renew the lease due to the situation has not been improved.

Depreciation for the year ended December 31, consist of.-

	Unit : Baht	
	2020	2019
Cost of services	<u>1,862,373.40</u>	<u>-</u>

12. LEASES (Con't)

12.2 Lease liabilities - net are as follow:

	Unit : Baht	
	2020	2019
Lease liabilities	16,422,000.00	975,840.00
<u>Less</u> Deferred interest	(2,999,235.87)	(35,456.46)
Present value of minimum lease payment	13,422,764.13	940,383.54
<u>Less</u> Current portion	(1,531,345.96)	(940,383.54)
Net	11,891,418.17	-

	Unit : Baht	
	2020	2020
Comprise of:		
Current lease liabilities	1,531,345.96	940,383.54
Non-current lease liabilities	11,891,418.17	-
Total	13,422,764.13	940,383.54

A maturity analysis of lease payments is disclosed in Note 26.3 to the financial statements under the liquidity risk.

The Company has entered into the lease agreements for rental of land and Building and vehicles for use in their operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 5 and 11 years.

Movements of lease liabilities account during the year period ended December 31, 2020 was summarized below.-

	Unit : Baht
Balance as at January 1, 2020 (before adjustment)	940,383.54
Adjustment from TFRS 16 adoption	11,365,678.55
Balance as at January 1, 2020 (after adjustment)	12,306,062.09
<u>Add</u> Additions lease liabilities during the year	4,807,688.56
Additions deferred interest during the year	223,359.48
<u>Less</u> Payments during the period	(2,151,230.68)
Rental reduction	(145,919.32)
Balance as at December 31, 2020	15,039,960.13

12. LEASES (Con't)

12.2 Lease liabilities - net (Con't)

	Unit : Baht	
	2020	2019
Present value of minimum lease payment net of deferred interest expenses by lease agreement		
Less than 1 year	1,531,345.96	940,383.54
More than 1 year but less than 5 years	7,962,453.78	-
More than 5 years	3,928,964.39	-
Total	13,422,764.13	940,383.54

The following are the amounts relating to lease contracts recognized in the statement of income for the year ended 31 December 2020 :

	Unit : Baht	
	2020	2019
Depreciation expenses of right-of-use assets	1,862,373.40	-
Interest expenses on lease liabilities	778,490.15	123,967.24
Expense relating to short-term leases	1,148,032.58	-
Expenses relating to leases of low-value assets	462,240.00	-
Lease payment	-	2,007,947.42

13. INTANGIBLE ASSETS - NET

Intangible assets - net, consist of.-

	Unit : Baht	
	2020	2019
Computer software		
Cost		
As at January 1,	9,600,957.18	9,607,132.18
<u>Add</u> Purchase during the year	-	79,425.00
<u>Less</u> Write off during the year	-	(85,600.00)
As at December 31,	9,600,957.18	9,600,957.18
Accumulated amortization		
As at January 1,	4,863,641.77	3,982,686.26
<u>Add</u> Amortization during the year	844,432.20	946,550.91
<u>Less</u> Write off during the year	-	(65,595.40)
As at December 31,	5,708,073.97	4,863,641.77
Net book value		
As at January 1,	4,737,315.41	5,624,445.92
As at December 31,	3,892,883.21	4,737,315.41

The Company is amortization included in administrative expenses in the statement of comprehensive income.

14. DEFERRED TAX ASSETS - NET

Deferred tax assets - net are as follows:

	Unit : Baht	
	2020	2019
Deferred tax assets	8,027,349.03	6,490,333.20
Deferred tax liabilities	(2,666,289.19)	(6,008.96)
Net	5,361,059.84	6,484,324.24

14. DEFERRED TAX ASSETS - NET (Con't)

14.1 Movements in deferred tax assets - net during the year were as follows:

	Unit : Baht			As at December 31, 2020
	As at January 1, 2020	(Charged) Credited for the year to		
		Profit or loss	Other Comprehensive loss	
<u>Deferred tax assets</u>				
Lease liabilities	-	2,684,552.83	-	2,684,552.83
Employee benefit obligations	6,490,333.20	305,790.80	(1,453,327.80)	5,342,796.20
<u>Deferred tax liabilities</u>				
Other current financial assets				
Gain on fair value adjustment	(6,008.96)	(30,445.71)	(21,680.00)	(58,134.67)
Right of use asset	-	(2,608,154.52)	-	(2,608,154.52)
Net	6,484,324.24	351,743.40	(1,475,007.80)	5,361,059.84

	Unit : Baht			As at December 31, 2019
	As at January 1, 2019	(Charged) Credited for the year to		
		Profit or loss	Other Comprehensive loss	
<u>Deferred tax assets</u>				
Employee benefit obligations	4,721,344.80	1,093,164.00	675,824.40	6,490,333.20
<u>Deferred tax liabilities</u>				
Other current financial assets				
Gain on fair value adjustment	-	(6,008.96)	-	(6,008.96)
Deferred tax assets - net	4,721,344.80	1,087,155.04	675,824.40	6,484,324.24

14.2 Income tax expenses for the year are as follows:

Income tax recognized in profit or loss

	Unit : Baht	
	2020	2019
<u>Current income tax</u>		
Corporate income tax charge for the year	503,880.80	5,377,949.00
<u>Deferred tax</u>		
Deferred tax expense relating to the original and reversal of temporary differences	(351,743.40)	(1,087,155.04)

	152,137.40	4,290,793.96
14. DEFERRED TAX ASSETS - NET (Con't)		

14.2 Income tax expenses for the year are as follows: (Con't)

Income tax recognized in other comprehensive income

Unit : Baht			
For the year ended December 31, 2020			
	Before tax	Tax (expense) income	Net tax
Deferred tax for :			
Unrealized gain on the changes in value of			
Other current financial assets	108,400.00	(21,680.00)	86,720.00
Defined benefit plan actuarial loss	7,266,639.00	(1,453,327.80)	5,813,311.20
Total	7,375,039.00	(1,475,007.80)	5,900,031.20

Unit : Baht			
For the year ended December 31, 2019			
	Before tax	Tax (expense) income	Net tax
Deferred tax for :			
Defined benefit plan actuarial loss	(3,379,122.00)	675,824.40	(2,703,297.60)

14.3 Reconciliation for the effective tax rate

	2020		2019	
	Tax rate (%)	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)
Profit before income tax		1,787,696.58		21,629,853.71
Tax expense	20	357,539.32	20	4,325,970.74
Tax effect of expenses that are not deductible for tax purposes		(159,449.32)		(35,176.78)
Deferred tax expense (income) from decrease in tax rate		(45,952.60)		-
Tax expense (effective rate)	9	152,137.40	20	4,290,793.96

14. DEFERRED TAX ASSETS - NET (Con't)Tax rateCurrent income tax

The Company calculated its tax from the net profit after adjustment for non-taxable expenses and reserves in accordance with the Revenue Code.

The main adjustment items are allowance for obsolete and diminution in value of inventories, employee benefit obligations, Allowance for expected credit losses and depreciation not in compliance with the Revenue Code.

The main adjustment items are allowance for doubtful accounts, employee benefit obligations and expenses were not in compliance with the Revenue Code.

Deferred tax

Deferred tax has been measured using the effective rate at 20% announced by the government at reporting date.

15. NON - CURRENT NON-CASH FINANCIAL ASSETS PLEDGED AS COLLATERALS

Non - Current non-cash financial assets pledged as collaterals consist of:-

Type of deposits	Collateral for	Interest Rate (% per annum)		Unit : Baht	
		2020	2019	2020	2019
saving account	Credit facilities and radio communication	0.05	0.375	5,020,000.00	5,020,000.00

16. BANK OVERDRAFT AND SHORT - TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdraft and short - term loans from financial institutions consist of:-

	Interest Rate (% per annum)		Unit : Baht	
	2020	2019	2020	2019
Bank overdraft	-	6.75	-	2,663,726.13
Promissory Note	2.00	-	10,000,000.00	-
Total			10,000,000.00	2,663,726.13

The Company had overdraft credit lines of Baht 15 million (In 2019 : credit lines Baht 20 million, reduced in 2nd quarter of Baht 10 million) from two commercial banks charged with interest at the rate of MOR per annum in which the amount of Baht 5 million was secured by pledging its saving account withdrawing right and the amount of Baht 10 million was secured by the same collateral for its long - term loan from financial institution as described in Note 18 to the financial statement.

The above mentioned promissory note was due within March 2021 and was secured by the same collateral for long - term loan from the financial institution as described in Note 18 to the financial statement.

17. TRADE ACCOUNTS AND OTHER CURRENT PAYABLES

Trade accounts and other current payables, consist of.-

	Unit : Baht	
	2020	2019
<u>Trade accounts payables</u>		
Trade accounts payables	29,681,974.85	22,745,541.06
Trade accounts - related company	-	37,377.30
Note payables	48,240.00	135,610.00
Total trade accounts payables	29,730,214.85	22,918,528.36
<u>Other current payables</u>		
Accrued expenses	3,294,389.77	3,795,303.97
Accrued bonus expenses	-	1,390,000.00
Accrued salary and doctor fees expenses	5,937,904.00	6,611,341.00
Deferred Income	899,703.88	3,387,306.58
Assets payable	2,220,264.00	877,702.75
Other payables	304,604.83	353,530.36
Total other current payables	12,656,866.48	16,415,184.66
Total trade account and other payables	42,387,081.33	39,333,713.02

18. LONG - TERM LOANS FROM FINANCIAL INSTITUTIONS - NET

Long - term loans from financial institutions - net, consist of.-

	Unit : Baht	
	2020	2019
Long - term loans beginning balance	51,545,000.00	62,285,000.00
<u>Add</u> Receipt during the year	40,000,000.00	-
<u>Less</u> Repayment during the year	(10,740,000.00)	(10,740,000.00)
Total long - term loans	80,805,000.00	51,545,000.00
<u>Less</u> Current portion	(35,240,000.00)	(10,740,000.00)
Net	45,565,000.00	40,805,000.00

18. LONG - TERM LOANS FROM FINANCIAL INSTITUTIONS - NET (Con't)

Long - term loans from financial institutions details and conditions are as follows :

Loan facilities (million baht)	Objective	Interest rate	Detail of payment
35	Purchase of assets and hospital's cost construction	MLR less fixed rate	Monthly installment of Baht 365,000 with 12 months grace period, completed within 9 years from the first installment commencing from October, 2015.
50	Hospital renovation and purchase of assets	MLR less fixed rate	Monthly installment of Baht 530,000 with 12 months grace period, completed within 9 years from the first installment commencing from sign contract.
40	Working capital	MLR - 2.50%	Monthly installment of Baht 3,500,000 with 12 months grace period, completed within 2 years from the agreement date.

The abovementioned loans were guaranteed by mortgaged its land and the present and to be built in the future of its property as collaterals.

19. PROVISIONS OF NON - CURRENT LIABILITIES FOR EMPLOYEE BENEFIT - NET

The Company operates postemployment benefit and pension based on the requirement of the Thai Labour Protection Act B.E. 2541 to provide retirement benefits and other long - term benefits to employees based on pensionable remuneration and length of services.

The employee benefits obligations expose the Company to actuarial risks, such as longevity risk, interest rate risk.

Movement in the present value of the employee benefits obligations consist of;

	Unit : Baht	
	2020	2019
Opening balance as at January 1,	32,451,666.00	23,606,724.00
Past service costs	-	3,555,080.00
Current service cost	1,520,938.00	1,447,036.00
Interest cost	512,683.00	463,704.00
Employee benefits paid during the period	(504,667.00)	-
Remeasurement of defined (Gain) loss plan	(7,266,639.00)	3,379,122.00
Ending balance as at December 31,	26,713,981.00	32,451,666.00

<u>Less</u> Current portion	(12,250,000.00)	(12,781,065.00)
Employee benefit obligations - net	14,463,981.00	19,670,601.00

As at December 31, 2020 and 2019, the weighted average duration of the liabilities for long - term employee benefit in the financial statements are 13 years and 12 years respectively.

19. PROVISIONS OF NON - CURRENT LIABILITIES FOR EMPLOYEE BENEFIT - NET (Con't)

Actuarial gains recognized in other comprehensive income arising from:

	Unit : Baht	
	2020	2019
Financial assumptions	(1,024,178.00)	3,379,122.00
Experience adjustment	(6,002,861.00)	-
Demographic assumption changes	(239,600.00)	-
Total	(7,266,639.00)	3,379,122.00

The expense is recognized in the following line items in the profit or loss:

	Unit : Baht	
	2020	2019
<u>Profit or loss</u>		
Cost of hospital operations	957,793.00	2,435,295.00
Administrative expense	490,589.00	1,090,723.00
Management's remuneration	585,239.00	1,939,802.00
Total	2,033,621.00	5,465,820.00
<u>Other comprehensive income</u>		
Remeasurement of defined (gain) loss plan		
Employee benefit - net from income tax	(5,813,311.20)	2,703,297.60

Actuarial gains and losses recognized in other comprehensive income are as follows:

	Unit : Baht	
	2020	2019
Included in retained earnings		
As at January 1,	(1,360,156.02)	1,343,141.58
Recognized during the year	5,813,311.20	(2,703,297.60)
As at December 31,	4,453,155.18	(1,360,156.02)

19. PROVISIONS OF NON - CURRENT LIABILITIES FOR EMPLOYEE BENEFIT - NET (Con't)

Principal actuarial assumptions at the reporting date

	2020	2019
*Discount rate	1.58%	1.66%
Disability rate	5%	5%
Salary increase rate	2%	4%
** Employee turnover rate	0.00% - 28.00%	0.00% - 36.00%
***Mortality rate	100% of TMO2017	100% of TMO2017
Retirement age (year)	60	60

*Market yield from government's bond for legal severance payments plan

**Upon the length of service

*** Reference from TMO2017 : Thai Mortality Ordinary Table of 2017

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provision for employee benefits obligations by the amounts shown below.

Effect on the employee benefits obligations as at December 31, 2020 and 2019 are as follows :

	Unit : Baht	
	2020	2019
Discount rate		
1% increase	(1,713,737.00)	(2,375,797.00)
1% decrease	2,024,839.00	2,798,537.00
Future Salary growth		
1% increase	2,074,823.00	3,084,552.00
1% decrease	(1,785,184.00)	(10,380,121.00)
Resignation rate		
1% increase	(1,764,702.00)	(2,479,173.00)
1% decrease	171,597.00	2,837,939.00

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

20. LEGAL 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 of at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

At present, the legal reserve has fully been set aside.

21. DIVIDEND PAID

At the shareholders' General Meeting of the Company for the year 2020 held on April 29, 2020, it was approved to pay dividend at the rate of Baht 0.20 per share totaling Baht 2 million which less than the amount proposed by the board of directors approved at the board of director's meeting No. 1/2020 held on February 29, 2020 at Baht 0.50 per share. The dividend is set to be paid on May 25, 2020.

By the shareholders' annual general meeting of the Company held on April 25, 2019, it was approved to pay dividend from the profit for the year 2018 at the rate of Baht 0.70 per share amounting to Baht 7 million which was set to be distributed on May 24, 2019.

22. EXPENSES BY NATURE

Significant expenses classified by nature consist of.-

	Unit : Baht	
	2020	2019
Employee expenses	123,505,280.00	154,857,484.59
Management benefit expenses	23,718,751.00	29,114,398.00
Medicines and medical supplies	39,074,461.58	36,993,877.05
Artificial kidney expenses	42,326,388.00	39,614,624.00
Depreciation and amortization expenses	34,102,677.14	28,120,670.86
Finance cost	3,908,579.37	3,073,758.51

23. EARNINGS PER SHARE

Basic earnings per share for the year is calculated by dividing net income for the 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 as follows:

	Unit : Baht	
	2020	2019
Net profit for the year (basic) (Baht)	1,635,559.18	17,339,059.75
Number of ordinary shares outstanding (Share)	10,000,000.00	10,000,000.00
Earning per share (basic) (Baht)	0.16	1.73

24. OPERATION SEGMENT

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

Management considers that the Company operates in a single line of business, namely the hospital and medical trading business, and has therefore only one business segment.

Management considers that the Company operates in a single geographic area, namely in Thailand, and has therefore, only one major geographic segment.

As a result, all of the revenues, operating profits and assets reflected in these financial statements are related to the referred business and geographical segment.

25. PROVIDENT FUND

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company employees contributed to the fund monthly at the rate of 2 - 6 percent of their basic salary. The fund, which is managed by Principal Asset Management Company Limited will be paid to employees upon termination in accordance with the fund rules. For the year ended December, 2020 and 2019, the Company contributed Baht 0.61 million and 2.81 million respectively.

26. FINANCIAL INSTRUMENTS

Fair values of financial assets and financial liabilities measured at amortized cost if the carrying amount is a reasonable approximation of net book value.

The Company is exposed to a variety of financial risks, including credit risk, market risk (including foreign exchange and interest rate risk) and liquidity risk. The Company overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Company financial instruments principally comprise cash and cash equivalents, trade accounts and other current receivables, other financial assets, trade accounts and other current payables, short-term loans and long-term loans, and lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

26.1 Credit risk

Credit risk is the risk of financial losses if a customer or the counterparty in a financial instrument fails to meet its obligations. The risk consists mainly of , trade accounts and other current receivables, deposits with banks and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statements of financial position.

26. FINANCIAL INSTRUMENTS (Con't)

26.1 Credit risk (Con't)

26.1.1 Trade accounts and other current receivables

The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding Trade accounts and other current receivables are regularly monitored, and certain shipments are covered by letters of credit [or other forms of credit insurance obtained from reputable banks and other financial institutions and any shipments to major customers are covered by credit insurance obtained from the banks.] In addition, The Company does not have high concentrations of credit risk since it has a large customer base.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Company classifies customer segments by customer type and coverage by letters of credit and other forms of credit insurance. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Letters of credit and other forms of credit insurance are considered an integral part of trade receivables and considered in the calculation of impairment.

26.1.2 Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company treasury department in accordance with the Company treasury policy. Investments are made only in fixed deposit with approved counterparty banks with credit-ratings at investment grade assigned by international credit agencies or one of the top two local banks, and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed and updated throughout the year. The limits are set to minimize concentration risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

26.2 Market risk

26.2.1 Interest rate risk

The Company exposure to interest rate risk relate primarily to their deposits at bank, other financial assets, long-term loans and long-term loans, and lease liabilities. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate which may cause variations in the Company.

The Company manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings. The Company policy is to match between sources and uses of fund while a majority of our financial liability is based on fixed rates.

26. FINANCIAL INSTRUMENTS (Con't)

26.2.1 Interest rate risk (Con't)

As at 31 December 2020 and 2019, significant interest-bearing financial assets and liabilities classified by type of interest rate are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	As at December 31, 2020 (Unit : Baht)						Interest rate (% p.a.)
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	
	within 1 year	1 - 5 year	Over 5 year				
Financial assets							
Cash and cash equivalents	-	-	-	9,126,641.15	7,143,631.17	16,270,272.32	0.05 - 0.50
Other current financial assets	15,000,000.00	-	-	-	50,290,673.35	65,290,673.35	1.10 - 1.90
Other non - current financial assets	-	25,000,000.00	-	-	-	25,000,000.00	1.45
Non - current non-cash financial assets pledged as collaterals	-	-	-	5,020,000.00	-	5,020,000.00	0.05
Financial liabilities							
Bank overdraft and short - term loans from financial institutions	10,000,000.00	-	-	-	-	10,000,000.00	2.00
Long - term loan from financial institution	-	-	-	80,805,000.00	-	80,805,000.00	MLR - 2.50
lease contract	1,531,345.96	7,962,453.78	3,928,964.39	-	-	13,422,764.13	5.10

As at December 31, 2019 (Unit : Baht)

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	within	1 - 5	Over				
	1 year	years	5 years				
Financial assets							
Cash and cash equivalents	-	-	-	5,672,739.46	9,206,945.22	14,879,684.68	0.10 - 0.40
Other current financial assets	10,000,000.00	-	-	-	15,030,044.78	25,030,044.78	1.55
Other non - current financial assets	-	5,000,000.00	-	-	-	5,000,000.00	1.90
Non - current non-cash financial assets							
pledged as collaterals	-	-	-	5,020,000.00	-	5,020,000.00	0.375
Financial liabilities							
Bank overdraft and short - term loans from financial institutions							
	-	-	-	2,663,726.13	-	2,663,726.13	MOR
Long-term loan from financial institution							
	-	-	-	51,545,000.00	-	51,545,000.00	MLR - 1.25
lease contract	940,383.54	-	-	-	-	940,383.54	6.70

26.3 Liquidity risk

The Company need liquidity to meet their obligations. Individual companies are responsible for their own cash balances and the raising of internal and external credit lines to cover the liquidity needs, subject to guidance by the Company.

The Company monitor the risk of a shortage of liquidity position by a recurring liquidity planning and maintains an adequate level of cash, fixed deposits and unused committed and uncommitted credit lines with various banks to meet its liquidity requirements.

As at December 31, 2020 (Unit : Baht)

	Note	On demand	Less than 1			Total
			year	1 - 5 years	Over 5 years	
Short - term loans from financial institutions	16	-	10,000,000.00	-	-	10,000,000.00
Trade accounts and other current payables	17	-	42,387,081.33	-	-	42,387,081.33
Long - term loan from financial institution	18	-	35,240,000.00	45,565,000.00	-	80,805,000.00
Lease liabilities	12.2	-	1,531,345.96	7,962,453.78	3,928,964.39	13,422,764.13
						146,614,845.4
Total		-	89,158,427.29	53,527,453.78	3,928,964.39	6

26.4 Lease liabilities

Since the majority of the Company financial assets and liabilities are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

As at December 31, 2020 (Unit : Baht)					
Carrying value					
	Fair value through profit or loss	Fair value through other comprehensive income	Amortize cost	Total	Fair value
Financial assets					
Cash and cash equivalents	-	-	16,270,272.32	16,270,272.32	16,270,272.32
Trade accounts and other current receivables - net	-	-	21,830,215.50	21,830,215.50	21,830,215.50
Other current financial assets	30,000,000.00	20,000,000.00	15,000,000.00	65,000,000.00	65,290,673.35
Other non - current financial assets	-	-	25,000,000.00	25,000,000.00	25,000,000.00
Non - current non-cash financial assets pledged as collaterals	-	-	5,020,000.00	5,020,000.00	5,020,000.00
Total financial assets	30,000,000.00	20,000,000.00	83,120,487.82	133,120,487.82	133,411,161.17
Financial liabilities					
Bank overdraft and short - term loans from financial institutions	-	-	10,000,000.00	10,000,000.00	10,000,000.00
Trade accounts and other current payables	-	-	42,387,081.33	42,387,081.33	42,387,081.33
Long - term loan from financial institution	-	-	80,805,000.00	80,805,000.00	80,805,000.00
Lease liabilities	-	-	13,422,764.13	13,422,764.13	13,422,764.13
Total financial liabilities	-	-	146,614,845.46	146,614,845.46	146,614,845.46

26. FINANCIAL INSTRUMENTS (Con't)

The Company had the following financial assets and liabilities that were measured at fair value using different levels of inputs as follows :

		Unit : Baht)			
		As at December 31, 2020			
		Level 1	Level 2	Level 3	Total
Other current financial assets					
Open-end fund		50,290,673.35	-	-	50,290,673.35

		Unit : Baht)			
		As at December 31, 2019			
		Level 1	Level 1	Level 1	Total
Other current financial assets					
Open-end fund		15,030,044.78	-	-	15,030,044.78

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

The methods and assumptions used by the Company estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, accounts receivable, short-term loans, accounts payable and bank overdrafts and short-term borrowings, the carrying amounts in the statements of financial position approximate their fair value.
- The carrying amounts of long-term loans carrying interest at rates approximating the market rate, in the statement of financial position approximates their fair value.

27. COMMITMENT AND CONTINGENT LIABILITIES

The Company had commitments and were in possession of contingent liabilities as follows.-

27.1 Letters of guarantees issued by banks as follows:-

		Unit : Baht	
		2020	2019
Guarantee the utilization of electricity with Metropolitan Electricity Authority		-	1,200,000.00
Guarantee the radio and signal usage agreement		20,000.00	20,000.00
Total		20,000.00	1,220,000.00

27. COMMITMENT AND CONTINGENT LIABILITIES (Con't)

27.2 As at December 31, 2020 and 2019, the Company had commitment in respect of long-term operating lease agreements are as follows :-

Description	Lessor	Rental period	Rental fee : Monthly (Unit : Baht)
Medical instruments maintenance service agreement	Other Company	3 year	27,641.67
Medical instruments Rental	Other Company	5 year	38,520.00

Commitment in respect of rental fee are as follows :-

	Unit : Baht	
	2020	2019
Less than 1 year	793,940.00	207,750.00
Over 1 year not over 5 year	1,105,488.33	-
Total	1,899,428.33	207,750.00

27.3 As at December 31, 2020 and 2019, The Company has capital commitments from renovation and purchase medical equipment's amounting to Baht 0.15 million and Baht 7.86 million respectively.

28. CAPITAL MANAGEMENT

The major primary objectives of the Company's capital management are to maintain their ability to continue as a going concern and to maintain an appropriate capital structure.

As at December 31, 2020 and 2019 Debt-to-Equity ratios in the financial statements were 0.48 : 1 and 0.36 : 1 respectively.

30. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on February 28, 2021.

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