

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

INDEPENDENT AUDITOR'S REPORT

To The Shareholders and Board of Directors of
Aikchol Hospital Public Company Limited

Opinion

I have audited the financial statements of Aikchol Hospital Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Aikchol Hospital Public Company Limited as at December 31, 2022, and its financial performance and its 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 describe in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Revenue recognition from general medical treatment

The revenue from medical service is the core transaction that affects the operation and has material value, representing 80% of total revenues. The revenue from hospital operations has several components such as revenues from sales of medicine and medical supplies, revenues from medical services, revenues from patient rooms, etc. Therefore, I have paid special attention with respect to the amount, value and timing of the Company's revenue recognition.

I audited the revenue recognition from medical treatment by assessing the appropriateness and testing the effectiveness of the internal control system with respect to the revenue cycle by making enquiries of the responsible persons, gaining an understanding and selecting samples to test the operation of the designed controls. In addition, I random audited the supporting documents for medical fee transactions that occurred during the year and near the end of the reporting period. I also audited credit notes that the Company issued after the end of the period. In addition, I performed comparative data analysis of subdivide revenue account to detect possible irregularities in medical fee transactions throughout the period, particularly for accounting entries made through journal vouchers.

Revenue recognition of medical treatment from Social Security

The Company has medical treatment revenue from the Social Security Office on the part of the insured who select medical treatment at the hospital and in-patient cases burden with high-cost diseases as presented in the financial statements, representing 18% of total revenues. Receiving money from such revenue in each time has to be approved from the Social Security Office and the consideration process by the Social Security Office takes long time. Regarding the measuring process of the revenue amount to be recognized, it requires significant judgment of the management due to the uncertainty related to the amount to be received which depends on the allocation of the Social Security Office in each year. The Company will receive cash income from the Social Security Office according to the method of calculation and rate determined by the announcement of the Medical Board issued under the Social Security Act, B.E. 2533. To ensure that the medical service fee revenue from social security is recognized in the accounts correctly and appropriately. Accordingly, I have paid special attention to the revenue recognition of medical service fee from social security because the transaction is a risk to the financial statements.

I made an understanding for the process of estimating the medical service revenue for inpatient cases with burden of high-cost disease by investigating the sources and reliability of the insured persons' information used in calculating the revenue estimate, assessing the appropriateness of the severity rate of the disease by comparing with the rules, method and conditions as announced by the Social Security Office, testing the completeness of the recording of the use of Social Security service against the recording system of the Social Security, testing the accuracy of the estimates of the management by comparing between the basis of the management and the basis, procedures and conditions announced by the Social Security Office and testing the items in the journal entries prepared by the management with respect to the recognition of revenue estimate. This also includes comparing of receipts during the period and analyzing the difference cause compared to the estimated medical service revenue and reviewing the receiving of medical service fee for the cases with burden of high-cost disease after the end of the accounting period.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report 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 will 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, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct the misstatement.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, 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 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 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.

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

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

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

I also provide those charged with governance with a statement that we 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 Miss Roongnapha Saengchan.

(Miss Roongnapha Saengchan)

Certified Public Accountant

Registration No. 10142

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 15, 2023

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

		Baht	
	Note	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	8	188,331,581	360,389,308
Trade and other current receivables	9	89,124,928	78,349,091
Accrued medical service income	10	124,760,938	149,645,840
Inventories	11	47,684,747	51,362,961
Other current financial assets	12	1,037,836,897	768,440,628
Total current assets		1,487,739,091	1,408,187,828
Non-current assets			
Fixed deposit pledge as collateral	12	24,036,500	13,587,200
Other non-current financial assets	12	193,333,140	153,333,180
Property, plant and equipment	13	729,091,920	718,676,151
Right-of-use assets	14	8,165,190	7,056,533
Intangible assets	15	23,867,762	28,211,022
Other non-current assets		168,490	168,490
Total non-current assets		978,663,002	921,032,576
Total assets		2,466,402,093	2,329,220,404

Notes to financial statements form an integral part of these statements.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2022

LIABILITIES AND SHAREHOLDERS' EQUITY

		Baht	
	Note	2022	2021
Current liabilities			
Trade and other current payables	17	113,173,821	117,483,665
Accrued expenses	18	142,804,821	196,522,969
Current portion of lease liabilities	20	3,864,162	3,150,272
Corporate income tax payables		22,213,768	41,932,103
Advance received from medical service	19	8,359,000	20,177,819
Other current liabilities		12,910,624	14,870,301
Total current liabilities		303,326,196	394,137,129
Non-current liabilities			
Lease liabilities	20	4,388,501	3,955,994
Deferred tax liabilities	16	22,789,969	17,760,102
Employee benefit obligation	21	68,866,824	59,187,171
Total non-current liabilities		96,045,294	80,903,267
Total liabilities		399,371,490	475,040,396

Notes to financial statements form an integral part of these statements.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2022

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Note	Baht	
		2022	2021
Shareholders' equity			
Share capital			
Authorised share capital			
150,000,000 ordinary shares of Baht 1 each		150,000,000	150,000,000
Issued and paid-up share capital			
149,909,264 ordinary shares of Baht 1 each		149,909,264	149,909,264
Share premium		74,000,000	74,000,000
Retained earnings			
Appropriated to			
Legal reserve	22	14,990,926	14,990,926
Unappropriated		1,652,102,060	1,471,251,433
Other components of shareholders' equity		176,028,353	144,028,385
Total shareholders' equity		2,067,030,603	1,854,180,008
Total liabilities and shareholders' equity		2,466,402,093	2,329,220,404

Notes to financial statements form an integral part of these statements.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	Baht	
		2022	2021
Revenues			
Medical service income		1,947,489,764	1,811,882,624
Other income	24	41,082,248	37,649,567
Total revenues		1,988,572,012	1,849,532,191
Expenses			
Cost of medical services		1,441,249,637	1,394,517,182
Administrative expenses		208,784,319	133,399,762
Total expenses		1,650,033,956	1,527,916,944
Profit from operating activities		338,538,056	321,615,247
Finance costs		200,084	124,465
Profit before income tax expenses		338,337,972	321,490,782
Income tax expenses	26	67,284,636	63,053,346
Profit for the year		271,053,336	258,437,436
Other comprehensive income (loss)			
Component of other comprehensive income (loss)			
that will not be reclassified to profit or loss			
Gain on re-measurements of defined benefit plans		-	28,902,298
Gain on investment in equity designed at fair value through other comprehensive income		39,999,960	15,333,318
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	26	(7,999,992)	(8,847,123)
Total component of other comprehensive income (loss) that will not be reclassified to profit or loss		31,999,968	35,388,493
Other comprehensive income (loss) for the year, net of income tax		31,999,968	35,388,493
Total comprehensive income for the year		303,053,304	293,825,929
Basic earnings per share (Baht per share)	30	1.81	1.72

Notes to financial statements form an integral part of these statements.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

		Baht						
		Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholder's equity Gain (loss) on measuring financial assets	Total shareholders' equity	
				Appropriated to legal reserve	Unappropriated			
		Note						
Beginning balance as at January 1, 2022			149,909,264	74,000,000	14,990,926	1,471,251,433	144,028,385	1,854,180,008
Dividend	23		-	-	-	(90,202,709)	-	(90,202,709)
Profit for the year			-	-	-	271,053,336	-	271,053,336
Other comprehensive income for the year, net of income tax								
Gain on measuring financial assets			-	-	-	-	31,999,968	31,999,968
Balance at December 31, 2022			149,909,264	74,000,000	14,990,926	1,652,102,060	176,028,353	2,067,030,603
Beginning balance as at January 1, 2021			149,909,264	74,000,000	14,990,926	1,250,186,731	108,639,892	1,597,726,813
Dividend	23		-	-	-	(37,372,734)	-	(37,372,734)
Profit for the year			-	-	-	258,437,436	-	258,437,436
Other comprehensive income for the year, net of income tax								
Gain on re-measurements of defined benefit plans			-	-	-	-	23,121,839	23,121,839
Gain on measuring financial assets			-	-	-	-	12,266,654	12,266,654
Balance at December 31, 2021			149,909,264	74,000,000	14,990,926	1,471,251,433	144,028,385	1,854,180,008

Notes to interim financial statements form an intergral part of these statements.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Baht	
	2022	2021
Cash flows from operating activities		
Profit for the year	271,053,336	258,437,436
Reconciliations of profit for the year to net cash received (paid)		
from operating activities :		
Depreciation and amortization	70,716,128	68,716,311
Interest income	(3,795,189)	(1,864,976)
Dividend income	(3,333,330)	(5,333,328)
Bad debt written off and allowance for expected credit losses	5,524,775	3,287,791
Gain on sale of fixed assets	(99,999)	(148,635)
Loss on disposal of fixed assets	3,075,237	487,777
Employee benefits expenses	12,628,451	16,318,926
Finance costs	200,084	124,465
Income tax expenses	67,284,636	63,053,346
Profit provided by operating activities before changes in operating assets and liabilities	423,254,129	403,079,113
(Increase) decrease in operational assets		
Trade and other current receivables	(12,192,999)	(15,561,600)
Accrued medical service income	20,793,841	(103,848,275)
Inventories	3,678,214	680,312
Increase (decrease) in operational liabilities		
Trade and other current payables	(9,366,840)	22,565,457
Accrued expenses	(53,718,148)	112,783,226
Advance received from medical service	(11,818,819)	20,177,819
Other current provisions	-	(15,000,000)
Other current liabilities	(1,959,677)	3,782,344
Cash flows received operating activities	358,669,701	428,658,396
Employee benefits paid	(2,948,798)	(3,570,704)
Income tax paid	(89,973,096)	(30,339,118)
Net cash provided by operating activities	265,747,807	394,748,574

Notes to financial statement from an intergral part of these statements

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Baht	
	2022	2021
Cash flows from investing activities		
Interest received	3,778,638	1,865,472
Dividend received	3,333,330	5,333,328
Increase in other current financial assets	(269,396,269)	(96,725,138)
Decrease in fixed deposit pledge as collateral	(10,449,300)	-
Purchase of property, plant and equipment	(70,471,274)	(39,565,245)
Purchase of intangible assets	(633,237)	(27,961)
Sale of equipment	100,000	148,635
Net cash used in investing activities	(343,738,112)	(128,970,909)
 Cash flows from financing activities		
Interest paid	(200,084)	(124,465)
Lease liabilities paid	(3,664,629)	(3,801,488)
Dividend paid	(90,202,709)	(37,372,734)
Net cash used in financing activities	(94,067,422)	(41,298,687)
 Net increase (decrease) in cash and cash equivalents	(172,057,727)	224,478,978
Cash and cash equivalents at beginning of the year	360,389,308	135,910,330
Cash and cash equivalents at end of the year	188,331,581	360,389,308
 <u>Supplement disclosures of cash flows information</u>		
Reconciliation of proceed from purchase of property, plant and equipment		
Purchase of property, plant and equipment	(75,528,269)	(38,679,365)
Increase (decrease) in other payable from acquisition of fixed assets	5,056,995	(885,880)
Cash paid from purchase of property, plant and equipment	(70,471,274)	(39,565,245)
Acquisition of right-of-use assets		
Increase in lease liabilities	4,811,026	6,819,369

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. GENERAL INFORMATION

Legal status and address of the Company

Aikchol Hospital Public Company Limited, “the Company”, is incorporated in Thailand. A registered office is at 68/3 Moo 2, Phrayasatja Road, Amphoe Muang, Cholburi and a branch is at 31/2 Moo 3, Tambol Samed, Amphoe Muang, Cholburi. The Company operates in Cholburi Province. And it is well known in medical and nursing care services under the trademark namely, “Aikchol Hospital”.

The Company was listed on the Stock Exchange of Thailand on January 10, 1992.

The principal activities of the Company are providing full hospital services including diseases protection, medical treatment, health strengthening and health rehabilitation services with 310 beds in service.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the Thai financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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

3. FINANCIAL REPORTING STANDARDS THAT BECAME EFFECTIVE IN THE CURRENT YEAR

During the year, the Company has adopted the revised financial reporting standards, which are effective for fiscal years beginning on or after January 1, 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting practices, accounting guidance and disclosures in the notes to the financial statements and, for some standards, providing temporary reliefs or temporary exemptions to users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the financial statements in the current year.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

4. REVISED FINANCIAL REPORTING STANDARDS THAT WILL BECOME EFFECTIVE FOR THE FINANCIAL STATEMENTS WITH THE ACCOUNTING PERIOD BEGINNING ON OR AFTER JANUARY 1, 2023

The Federation of Accounting Professions has announced to apply several revised financial reporting standards in the Royal Gazette. This will become effective for the financial statements with the accounting period beginning on or after January 1, 2023. This revision is for the financial reporting standards to be clearer and more appropriate and to conform with international financial reporting standards. Such revision does not affect the principles of the standards and does not affect the users of the financial reporting standards adopted before 2023.

The management of the Company believes that this revision of the standards will not significantly affect the financial statements.

5. NEW FINANCIAL REPORTING STANDARDS

The Federation of Accounting Professions has announced to apply the Financial Reporting Standard No.17 on "Insurance Contract" in the Royal Gazette. This standard requires to comply with the defined criteria of the international reporting standards including various related improvements. The effective date is to apply on the financial statements for the accounting period beginning on or after January 1, 2025.

6. SIGNIFICANT ACCOUNTING POLICIES

6.1 Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, savings accounts and current accounts and highly liquid short-term investments that are repayable on demand are a component of cash and cash equivalents for the purpose of the statement of cash flows.

6.2 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

6.3 Financial instruments

Classification and valuation of financial assets

Classification depends on the business model of the company in managing financial assets and nature of cash flow under the agreement of financial assets. The Company classified the financial assets by the nature of value measurement as follows:

- Item measured at amortized cost
- Item subsequently measured at fair value through other comprehensive income
- Item subsequently measured at fair value through profit or loss

Equity instruments can be classified and cannot be changed by two types of measurement which are measuring fair value through profit or loss or measuring fair value through other comprehensive income that without recycling to profit or loss.

The initial recognition of financial assets that are not measured at fair value through profit or loss with fair value plus or deduct transaction cost directly related to the acquisition or issuance of those financial assets, transaction costs of financial assets are recognized as expense in profit or loss.

Subsequent measurement of debt instruments by 3 methods depend on the classification of debt instruments.

- Financial assets measured at amortized cost when financial assets are held to receive cash flow under the agreement and condition of the agreement of the financial assets that generate cash flow to pay the principal and interest from the principal balance on the specified date only. Such financial assets have to be calculated using the effective rate and are subject to impairment assessment. Profit or loss arising from derecognized, modified or impaired will be recognized in profit or loss.
- Financial assets measured at fair value through other comprehensive income when financial assets are held to receive cash flow under the agreement and to sell financial assets and the agreement condition of financial assets generating cash flow that only pays the principal and interest from the principal balance on the specified date. The change of value of financial assets is recognized through other comprehensive income except loss on impairment and interest income and gain and loss on exchange rate are recognized as profit or loss upon recognized of financial assets. Earning or deficit previously recognized in other comprehensive income has to be reclassified into profit or loss. Such financial asset has to be calculated using the effective interest rate same as financial assets measured at amortized cost.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

- Financial assets measured at fair value through profit or loss will be presented in the statement of financial position at fair value by recognizing the net change of fair value in profit or loss.

Subsequent valuation of equity instruments must present equity instruments using the fair value and record profit/loss from change in fair value through profit or loss or other comprehensive income depending on equity instruments classification.

Classification and valuation of financial liabilities

The Company is recognized initially of financial liabilities at fair value net of transaction costs and classified as financial liabilities as financial liabilities subsequently measured at amortized cost using the effective rate. The amortized cost is calculated taking into account fees or costs that are an integral part of the effective rate. Amortization by the effective rate is presented as part of financial costs in profit or loss.

Derecognition of financial instruments

Financial assets will be derecognized from the account when the right to receive cash flow of such asset has ended or when the right to receive cash flow of the assets is transferred including upon the transfer of all risk and consideration of that asset or transfer of internal control in that asset although there is no transfer or maintaining of nearly all risk and consideration of such asset.

Financial liabilities will be derecognized from the account when the obligation of such liabilities has been complied, the obligation is cancelled or the obligation has ended. In case existing financial liabilities are changed to new liabilities from one single lender with considerably different requirements or there is a significant amendment in the requirements of existing liabilities, these are considered as recognition old liabilities and recognizing new liabilities by recognizing the difference of such carrying value under profit or loss.

Impairment of financial assets

Expected credit loss for financial assets measured at amortized cost or debt instrument financial asset measured at fair value through other comprehensive income and assets arising from credit facility obligation and financial guarantee agreement are assessed without having to wait for the credit event to occur first. The Company uses the general approach in considering the allowance for loss on impairment with the exception on trade receivables that the Company uses the simplified approach in considering the allowance for loss on impairment.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

Offset of financial instruments

Financial assets and liabilities will be offset and presented at net balance in the statement of financial position in the case legally enforced in offsetting the recognized amount. The Company intend to pay the net balance or intends to receive assets and settle payment of liabilities at the same time.

6.4 Property, plant and equipment

Land is stated as cost. Plant and equipment are stated at cost less accumulated depreciation and allowance on decline in value (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:-

Buildings and building improvements	5 - 50	Years
Medical equipment	5 - 10	Years
Furniture and fixtures	5 - 10	Years
Office equipment	2 - 10	Years
Vehicles	8 - 10	Years

The Company has reviewed the residual value and useful life of the assets on a regular basis.

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

Property, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

6.5 Intangible assets

Computer software with finite useful lives are stated at cost less accumulated amortization and allowance on impairment (if any).

Amortization is charged to the statement of comprehensive income on a straight-line basis over the period for which the computer software are expected to generate economic benefit from 5 - 10 years.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

6.6 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in the statement of comprehensive income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in the statement of comprehensive income even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in the statement of comprehensive income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in the statement of comprehensive income.

6.7 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. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

6.8 Employee benefits

Short-term employment benefits

The Company recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognized as expenses when incurred.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in other comprehensive income.

6.9 Revenue

Revenues from medical service

Revenue from medical service is exempt from value added taxes and is arrived at after deduction of trade discounts.

Revenues from medical service, mainly consisted of medicine and medical supplies, patient room service charge, medical profession charge and other service are recognized as income when the services are delivered, based on an accrual basis.

Revenues from social security is recognized on an accrual basis.

Interest and dividend income

Interest income is recognized in the statement of comprehensive income as it accrues. Dividend income is recognized in the statement of comprehensive income on the date the Company's right to receive payments established. In the case of quoted securities is usually the ex-dividend date.

Others income

Others income is recognized on an accrual basis.

6.10 Expenses

Expenses are recognized on an accrual basis.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

6.11 Leases

At inception of a contract, the Company assesses whether the 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 at the date of initial application 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 by considering the effect of changes in technology and/or the other circumstance relating to the extension of the lease term.

Right-of-use assets-as a lessee

Right-of-use assets are recognized at the commencement date of the lease. Right-of-use assets are stated at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, 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.

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

Lease liabilities

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also 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 the option to terminate.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
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In calculating the present value of lease payments, the Company uses its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, 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

The Company applies the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term and leases of low-value assets are recognized as expense in profit and loss on a straight-line basis over the lease term.

6.12 Income tax

Current tax

The Company records income tax expenses, if any, based on the amount currently payable under the Revenue Code at the income tax rates at 20% of profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)
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The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

6.13 Significant accounting judgements and estimates

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

Allowance for expected credit losses

In determining an allowance for expected credit losses, the management needs to make judgement and estimates based upon past collection history, aging profile of outstanding debts.

Accrued medical service income

In determining the certain amount of receivable from the social security office provided to patients with severe diseases and of chronic diseases. In this regard, the amount of such income are set, adjusted and accrued based on the latest actual collection within current relative circumstances.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

Determining the lease term of contracts with renewal and termination options

The Company determines 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.

Property, plant and equipment and right-of-use assets/Depreciation

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

In addition, the management is required to review property, plant and equipment and right-of-use assets for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

In recording the initial recognition and measurement of intangible assets as at the acquired date and subsequent impairment testing, the management is required to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

Deferred tax assets

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

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit of the lease. Therefore, the incremental borrowing rate of the Company is used to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay for necessary borrowing to acquire the assets, or assets with close value to right-of-use assets in similar economic environment, borrowing period and borrowing security.

7. SEASONAL OPERATION

The company's business is not affected significantly by seasonal or cyclical factor during the year.

8. CASH AND CASH EQUIVALENTS

Consisted of :-

	Baht	
	2022	2021
Cash on hand	1,574,785	2,117,045
Cash at bank - savings accounts and current accounts	186,756,796	358,272,263
Total	188,331,581	360,389,308

As at December 31, 2022 and 2021, cash at bank-savings accounts have interest at the floating rates at 0.35% per annum and 0.13% per annum, respectively.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
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9. TRADE AND OTHER CURRENT RECEIVABLES

Consisted of :-

	Baht	
	2022	2021
Trade receivables		
Within credit terms	38,897,664	34,378,352
Overdue:		
Less than 3 months	40,521,211	18,185,626
3-6 months	2,863,242	3,558,464
6-12 months	316,751	973,040
Over 12 months	2,209,217	190,939
	84,808,085	57,286,421
Less allowance for expected credit losses	(3,365,897)	(2,323,726)
Net	81,442,188	54,962,695
Other current receivables		
Prepaid expenses	3,084,597	2,465,536
Advance payment for vaccine		5,236,000
	-	
Other accrued income	2,943,684	11,834,347
Other receivables		2,765,671
	-	
Others	1,654,459	1,084,842
	7,682,740	23,386,396
Total trade and other current receivables	89,124,928	78,349,091

The normal credit term granted by the Company ranges from 30 days to 120 days.

10. ACCRUED MEDICAL SERVICE INCOME

Consisted of :-

	Baht	
	2022	2021
Social Security Office		
Chronic diseases	27,863,111	11,776,551
Patients with severe diseases	41,637,510	25,871,520
Others	12,698,752	17,257,254
	82,199,373	54,905,325
National Health Security Office		
Coronavirus 2019 infected patient	47,424,672	95,512,561
Less allowance for expected credit losses	(4,863,107)	(772,046)
	42,561,565	94,740,515

Total	124,760,938	149,645,840
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AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

The Company is unable to determine the certain amount of medical income for treatment provided to patients with severe diseases and medical income for treatment of chronic diseases that have not been received from the Social Security Office and National Health Security Office for COVID-19. Therefore, the management of the Company has estimated the accrued income based on the latest actual amount received along with the current circumstances. The management of the Company believes that the actual results will not be significantly different from the estimated amount.

11. INVENTORIES

Consisted of :-

	Baht	
	2022	2021
Medicine and medical supplies	40,942,101	43,519,772
Supplies	6,742,646	7,843,189
Total	47,684,747	51,362,961

12. FINANCIAL ASSETS

Consisted of :-

	Baht	
	2022	2021
Other current financial assets		
Debt instruments at amortised cost		
Fixed deposit	221,044	10,580,621
Equity security designed at fair value through profit or loss		
Mutual funds - fixed income	1,037,615,853	757,860,007
Total	1,037,836,897	768,440,628
Fixed deposit pledge as collateral		
Fixed deposit pledge as collateral	24,036,500	13,587,200
Total	24,036,500	13,587,200
Other non-current financial assets		
Equity security designed at fair value through other comprehensive income	193,333,140	153,333,180

Total	193,333,140	153,333,180
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AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
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As at December 31, 2022 and 2021, fixed deposits have interest rate at 0.38% per annum and investment in mutual funds - fixed income which the Company intends to hold to maturity within 1 year and has return at the rate of 0.65% per annum and 0.29% per annum, respectively.

As at December 31, 2022 and 2021, fixed deposits in the amount of Baht 24.04 million and 13.59 million, are pledged as collateral for the letters of guarantee issued by a commercial bank.

As at December 31, 2022 and 2021, other non-current financial assets in marketable equity are stated at fair value through other comprehensive income, consisted of :-

	Holding of interest (%)		Million Baht			
	2022	2021	2022		2021	
			Cost	Market value	Cost	Market value
Bangkok Dusit Medical Services Plc.	0.06	0.06	2.20	193.33	2.20	153.33
Add Gain on measuring financial assets			191.13		151.13	
Total			193.33		153.33	

13. PROPERTY, PLANT AND EQUIPMENT

Consisted of :-

	Baht				
	Balance per book as at Dec. 31, 2021	Additions	Transfer in (Transfer out)	Deductions	Balance per book as at Dec. 31, 2022
	<u>Cost</u>				
Land	108,160,300	-	-	-	108,160,300
Buildings and building improvement	999,278,156	3,389,997	13,144,660	(3,064,044)	1,012,748,769
Medical equipment	299,622,337	44,176,726	-	(9,964,898)	333,834,165
Furniture and fixture	37,098,931	1,742,584	1,022,919	(207,162)	39,657,272
Office equipment	74,279,052	2,722,464	225,005	(2,500,125)	74,726,396
Vehicles	22,706,924	3,319,000	-	-	26,025,924
Assets under construction and installation	17,302,075	20,177,498	(14,392,584)	-	23,086,989
Total	1,558,447,775	75,528,269	-	(15,736,229)	1,618,239,815
<u>Less accumulated depreciation</u>					
Buildings and building improvement	494,941,460	36,811,751	-	(1,545,485)	530,207,726
Medical equipment	233,779,679	19,174,706	-	(8,565,734)	244,388,651
Furniture and fixture	32,835,425	1,081,372	-	(185,525)	33,731,272
Office equipment	59,113,064	4,102,699	-	(2,413,062)	60,802,701
Vehicles	19,101,996	915,549	-	-	20,017,545
Total	839,771,624	62,086,077	-	(12,709,806)	889,147,895
Net	718,676,151				729,091,920

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

	Baht				Balance per book as at Dec. 31, 2021
	Balance per book as at Dec. 31, 2020	Additions	Transfer in (Transfer out)	Deductions	
<u>Cost</u>					
Land	108,160,300	-	-	-	108,160,300
Buildings and building improvement	988,660,695	1,559,413	9,809,522	(751,474)	999,278,156
Medical equipment	299,233,461	21,437,703	-	(21,048,827)	299,622,337
Furniture and fixture	35,830,754	872,963	560,339	(165,125)	37,098,931
Office equipment	71,988,092	2,868,080	148,730	(725,850)	74,279,052
Vehicles	22,638,924	68,000	-	-	22,706,924
Assets under construction and installation	15,947,460	11,873,206	(10,518,591)	-	17,302,075
Total	<u>1,542,459,686</u>	<u>38,679,365</u>	<u>-</u>	<u>(22,691,276)</u>	<u>1,558,447,775</u>
<u>Less accumulated depreciation</u>					
Buildings and building improvement	459,282,341	36,410,522	-	(751,403)	494,941,460
Medical equipment	236,785,839	17,870,863	-	(20,877,023)	233,779,679
Furniture and fixture	32,219,899	776,841	-	(161,315)	32,835,425
Office equipment	55,873,231	3,935,890	-	(696,057)	59,113,064
Vehicles	18,245,231	856,765	-	-	19,101,996
Total	<u>802,406,541</u>	<u>59,850,881</u>	<u>-</u>	<u>(22,485,798)</u>	<u>839,771,624</u>
Net	<u>740,053,145</u>				<u>718,676,151</u>

Depreciation of the plant and equipment for the years ended December 31, 2022 and 2021 which were included in cost of medical services and administrative expenses, consisted of :-

	Baht	
	2022	2021
Cost of medical services	55,121,726	53,270,074
Administrative expenses	6,964,351	6,580,807
Total	<u>62,086,077</u>	<u>59,850,881</u>

As at December 31, 2022 and 2021, certain equipment and vehicle items of the Company have been fully depreciated but are still in use of cost in amount of Baht 351.72 million and Baht 319.61 million, respectively.

A portion of land, building and construction in progress, including future construction were pledged as collateral security for the long-term loan and a bank overdraft with a net book value as at December 31, 2022 and 2021 of approximately amounted of Baht 536.90 million and Baht 559.12 million, respectively.

As at December 31, 2022 and 2021, the Company covered All Risks Insurance Policy (ARIP) with an insurer. The sum insured has already been covered the value of the assets. The ARIP is renewed on an annual basis and a portion of proceeds from insurance claims under the ARIP.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
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14. RIGHT-OF-USE ASSETS

Consists of :

	Baht				
	Balance as at	Transactions during the year			Balance as at
	December 31, 2021	Additions	Change in conditions/ written-off		December 31, 2022
<u>At cost</u>					
Medical equipment	861,880	-	-	861,880	
Office equipment	8,665,470	4,811,026	(3,962,577)	9,513,919	
Vehicle	1,254,208	-	-	1,254,208	
Total	<u>10,781,558</u>	<u>4,811,026</u>	<u>(3,962,577)</u>	<u>11,630,007</u>	
<u>Less Accumulated depreciation</u>					
Medical equipment	143,647	287,293	-	430,940	
Office equipment	3,198,148	2,997,007	(3,962,577)	2,232,578	
Vehicle	383,230	418,069	-	801,299	
Total	<u>3,725,025</u>	<u>3,702,369</u>	<u>(3,962,577)</u>	<u>3,464,817</u>	
Right-of-use assets - net	<u>7,056,533</u>			<u>8,165,190</u>	

	Baht				
	Balance as at	Transactions during the year			Balance as at
	December 31, 2020	Additions	Change in conditions/ written-off		December 31, 2021
<u>At cost</u>					
Medical equipment	509,287	861,880	(509,287)	861,880	
Office equipment	7,530,545	4,703,281	(3,568,356)	8,665,470	
Vehicle	-	1,254,208	-	1,254,208	
Total	<u>8,039,832</u>	<u>6,819,369</u>	<u>(4,077,643)</u>	<u>10,781,558</u>	
<u>Less Accumulated depreciation</u>					
Medical equipment	339,525	313,409	(509,287)	143,647	
Office equipment	3,674,764	3,091,740	(3,568,356)	3,198,148	
Vehicle	-	383,230	-	383,230	
Total	<u>4,014,289</u>	<u>3,788,379</u>	<u>(4,077,643)</u>	<u>3,725,025</u>	
Right-of-use assets - net	<u>4,025,543</u>			<u>7,056,533</u>	

The Company leases several assets including medical equipment, office equipment and vehicle of which average lease term during 1 - 3 years.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
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15. INTANGIBLE ASSETS

Consisted of :-

	Baht			
	Balance per book as at Dec. 31, 2021	Additions	Deductions	Balance per book as at Dec. 31, 2022
<u>Cost</u>				
Computer software	65,951,485	633,237	(77,040)	66,507,682
<u>Less accumulated amortization</u>	37,740,463	4,927,682	(28,225)	42,639,920
Net	<u>28,211,022</u>			<u>23,867,762</u>

	Baht			
	Balance per book as at Dec. 31, 2020	Additions	Deductions	Balance per book as at Dec. 31, 2021
<u>Cost</u>				
Computer software	72,260,926	27,961	(6,337,402)	65,951,485
<u>Less accumulated amortization</u>	38,718,515	5,077,051	(6,055,103)	37,740,463
Net	<u>33,542,411</u>			<u>28,211,022</u>

Amortization of intangible assets for the years ended December 31, 2022 and 2021, which were included in cost of medical services and administrative expenses, consisted of :-

	Baht	
	2022	2021
Cost of medical services	4,655,687	4,815,046
Administrative expenses	271,995	262,005
Total	<u>4,927,682</u>	<u>5,077,051</u>

As at December 31, 2022 and 2021, certain intangible assets items of the Company have been fully amortized but they are still in use of cost in the amount of Baht 18.19 million and Baht 16.93 million, respectively.

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

16. DEFERRED TAX ASSETS AND TAX LIABILITIES

Changes in deferred tax assets (liabilities) for the years ended December 31, 2022 and 2021 are summarized as follows:

	Baht				
	Balance as at	Revenue (expenses) during the year			Balance as at
	Dec. 31, 2021	In profit or loss	In other comprehensive income		Dec. 31, 2022
Deferred tax assets:					
Trade receivables	619,155	1,026,646	-	1,645,801	
Right-of-use assets	9,946	7,548	-	17,494	
Employee benefit obligation	11,837,434	1,935,931	-	13,773,365	
Total	<u>12,466,535</u>	<u>2,970,125</u>	<u>-</u>	<u>15,436,660</u>	
Deferred tax liabilities:					
Other non-current financial assets	(30,226,637)	-	(7,999,992)	(38,226,629)	
Total	<u>(30,226,637)</u>	<u>-</u>	<u>(7,999,992)</u>	<u>(38,226,629)</u>	
Deferred tax assets (liabilities)-net	<u>(17,760,102)</u>			<u>(22,789,969)</u>	

	Baht				
	Balance as at	Revenue (expenses) during the year			Balance as at
	Dec. 31, 2020	In profit or loss	In other comprehensive income		Dec. 31, 2021
Deferred tax assets:					
Trade receivables	194,419	424,736	-	619,155	
Right-of-use assets	12,568	(2,622)	-	9,946	
Other current provisions	3,000,000	(3,000,000)	-	-	
Employee benefit obligation	15,068,249	2,549,644	(5,780,459)	11,837,434	
Total	<u>18,275,236</u>	<u>(28,242)</u>	<u>(5,780,459)</u>	<u>12,466,535</u>	
Deferred tax liabilities:					
Other non-current financial assets	(27,159,973)	-	(3,066,664)	(30,226,637)	
Total	<u>(27,159,973)</u>	<u>-</u>	<u>(3,066,664)</u>	<u>(30,226,637)</u>	
Deferred tax assets (liabilities)-net	<u>(8,884,737)</u>			<u>(17,760,102)</u>	

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

17. TRADE AND OTHER CURRENT PAYABLES

Consisted of :-

	Baht	
	2022	2021
Trade payables	84,962,710	91,780,111
Other current payables		
Asset payables	8,867,989	3,810,994
Expired cheque payables	4,756,560	4,473,060
Retention payables	2,637,476	2,223,869
Revenue department payables	2,496,452	1,945,954
Advance received for vaccine	-	7,283,100
Others	9,452,634	5,966,577
	28,211,111	25,703,554
Total trade and other current payables	113,173,821	117,483,665

18. ACCRUED EXPENSES

Consisted of :-

	Baht	
	2022	2021
Accrued doctor fee	45,654,509	48,895,578
Accrued director's remuneration	7,200,000	3,600,000
Accrued wages	6,982,148	9,098,224
Accrued bonus	41,301,490	83,320,876
Accrued electricity	1,454,307	1,037,562
Accrued medical referral expenses	18,210,375	26,623,718
Accrued other expenses	22,001,992	23,947,011
Total	142,804,821	196,522,969

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

19. ADVANCE RECEIVED FROM MEDICAL SERVICE

On April 8, 2021, the Social Security Office had notified the results of the consideration of claiming for medical service fees in excess of the amount that the hospital should receive the refund from the hospital in the percentage of Adj RW that found the error detected from the amount received the refund for medical service fee in the year 2018 amounted Baht 9.30 million.

On June 2, 2021, the Company had received the notification of the results of the consideration of the refund of medical services in case of high cost diseases ($\text{Adj RW} \geq 2$) in the year 2018 by deducting from the medical service fee in type of in-patients with high-cost diseases ($\text{Adj RW} \geq 2$) that the hospital should receive from the Social Security Office for 6 installments, No. 1 - 5 amounted Baht 1.60 million each and No. 6 amounted Baht 1.30 million from the month approved to pay in installments.

On August 18, 2021, the Social Security office had notified the results of the consideration of claiming for medical service fee in excess of the amount that the hospital should receive the refund from the hospital in the percentage of Adj RW that found the error detected from the amount received the refund for medical service fee in the year 2016 amounted Baht 10.18 million by deducting from the medical services in case of high cost diseases ($\text{Adj RW} \geq 2$) that the hospital should receive from the social security office.

In the year 2021, the Social Security office had notified the results of the consideration of claiming for medical service fee in excess of the amount that the hospital should receive the refund from the hospital in the percentage of Adj RW that found the error detected from the amount received the refund for medical service fee in the year 2019 amounted Baht 8.70 million. It was medical service free in case of medical specialists in the amount of Baht 0.40 million. The remaining was medical service in case of high cost diseases ($\text{Adj RW} > 2$) in the amount of Baht 8.30 million. The company has submitted a letter requesting the Social Security Office to re-examine the use of medical services for the year 2019 and is awaiting the results of the review of new information reviewed by the Social Security Office.

During the year 2022, the Social Security office had notified the results of the consideration of claiming for medical service fee in excess of the amount that the hospital should receive the refund from the hospital in the year 2020 amounted Baht 0.06 million.

From the result of the Social Security Office's consideration above, it arises from the registration inspection by the Social Security Office using random sampling not less than 10 percent of the number of existing information to consider the completeness of the registration record in order to retrieve and calculate the reimbursement for such medical service fee. The sampling method is effective from July 1, 2014 onwards. The Company's management had a resolution to record the amount to be claimed back

from the Social Security Office of the total amount by reducing revenue from medical treatment in the statement of comprehensive income and record advance received from medical service in the statement of financial position.

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DECEMBER 31, 2022

During the year 2022 the Social Security Office has deducted the medical service fee for in-patient with high-cost diseases Adj RW ≥ 2 in the amount Baht 1.30 million. It is the final installment of medical service fee deduction for in-patient with high-cost disease of 2018.

And The Social Security Office has deducted the medical service fee for in-patient with high-cost disease Adj RW ≥ 2 of 2016 in the amount of Baht 10.18 million. The deduction was made in 2 installments of Baht 5.91 million and Baht 4.27 million, respectively, and deducting medical service fee in case of medical professional in the year 2019 in the amount of Baht 0.40 million.

Therefore, as at December 31, 2022 advance received for medical service has a balance of Baht 8.36 million.

20. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movement for the years ended December 31, 2022 and 2021 are presented below :

	Baht	
	2022	2021
As at January 1,	7,106,266	4,088,385
Addition	4,811,026	6,819,369
Accretion of interest	200,084	124,465
Payments	(3,864,713)	(3,925,953)
As at December 31,	8,252,663	7,106,266
<u>Less: current portion</u>	<u>3,864,162</u>	<u>3,150,272</u>
Lease liabilities - net of current portion	<u>4,388,501</u>	<u>3,955,994</u>

Amounts recognized in the statement of comprehensive income for the years ended December 31, 2022 and 2021 are comprised :

	Baht	
	2022	2021
Depreciation - Right-of-use assets	3,702,369	3,788,379
Interest expenses	200,084	124,465
Total	<u>3,902,453</u>	<u>3,912,844</u>

For the years ended December 31, 2022 and 2021, the total cash outflow for leases on consolidated and separated financial statements amount to Baht 3.66 million and Baht 3.80 million, respectively.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

21. EMPLOYEE BENEFIT OBLIGATION

The statements of financial position

	Baht	
	2022	2021
Beginning employee benefit obligation	59,187,171	75,341,247
Benefits paid by the plan	(2,948,798)	(3,570,704)
Gain from changing actuarial estimates	-	(28,902,298)
Current service and interest costs	12,628,451	16,318,926
Ending employee benefit obligation	68,866,824	59,187,171

Expenses recognized in statements of comprehensive income

For the year ended December 31,

	Baht	
	2022	2021
Current service cost	11,752,138	14,526,684
Interest on obligation	876,313	1,792,242
Total	12,628,451	16,318,926

Actuarial gain on defined employee benefits plans

	Baht	
	2022	2021
Actuarial gain arising from		
Changes in demographic assumptions	-	(12,994,105)
Changes in financial assumptions	-	4,639,617
Experience adjustments	-	(20,547,810)
Total	-	(28,902,298)

Principal actuarial assumptions at the reporting date

	%	
	2022	2021
Discount rate	1.54	1.54

Salary increase rate	6	6
Employee turnover rate	11 - 22	11 - 22
Disability rate	5*	5*

* reference to mortality rate in B.E. 2017

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2022 and 2021, are summarized below:

	Baht	
	2022	2021
Discount rate		
1% increase	(4,877,734)	(4,346,731)
1% decrease	5,593,238	4,983,952
Salary increase rate		
1% increase	5,943,592	4,702,695
1% decrease	(5,274,684)	(4,192,009)
Employee turnover rate		
1% increase	(5,526,503)	(4,920,069)
1% decrease	5,617,907	5,016,795

22. RESERVES AND LEGAL RESERVES

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

23. DIVIDENDS

Year 2022

At the ordinary shareholders’ meeting held on April 18, 2022, the shareholders approved the appropriation of dividend from operating results of 2021 of Baht 0.60 per share, 149.91 million shares,

amounting to Baht 90.46 million. The dividend will be proposed to pay to shareholders on May 17, 2022.

Year 2021

At the ordinary shareholders' meeting held on April 23, 2021, the shareholders approved the appropriation of dividend from operating results of 2020 of Baht 0.25 per share, 149.91 million shares, amounting to Baht 37.37 million. The dividend will be proposed to pay to shareholders on May 21, 2021.

AIKCHOL HOSPITAL PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2022

24. OTHER INCOME

Consisted of :-

	Baht	
	2022	2021
Revenue from sharing of kidney hemodialysis	12,996,650	13,375,505
Rental space income	9,510,302	8,377,249
Interest income	3,795,189	1,864,976
Others	14,780,107	14,031,837
Total	41,082,248	37,649,567

25. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2022 and 2021 are a follow:-

	Baht	
	2022	2021
Staff costs	539,383,911	562,746,368
Directors and management's remuneration	38,522,130	29,795,695
Doctor fee	412,707,243	347,745,192
Medicine, medical supplies and supplies	337,218,849	290,525,316
Depreciation and amortization	70,716,128	68,716,311
Others	251,485,695	228,388,062
Total	1,650,033,956	1,527,916,944

26. INCOME TAX EXPENSES

26.1 Major components of tax expenses

For the years ended December 31, 2022 and 2021 consisted of:

	Baht	
	2022	2021
Income tax expenses shown in profit or loss :		
Current tax expense :		
Income tax expense for the year	70,254,761	63,025,104
Deferred tax expense :		
Changes in temporary differences relating to the		

original recognition and reversal	(2,970,125)	28,242
Total	67,284,636	63,053,346
Income tax relating to components of other comprehensive income :		
Deferred tax relating to :		
Remeasuring other non-current financial assets	7,999,992	3,066,664
Gain from changing actuarial estimates	-	5,780,459
Total	7,999,992	8,847,123

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26.2 A numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate

For the years ended December 31, 2022 and 2021 which are summarized as follows:

	Baht	
	2022	2021
Accounting profit for the year	338,337,972	321,490,782
The applicable tax rate (%)	20	20
Tax expense at the applicable tax rate	67,667,594	64,298,157
Reconciliation items:		
Tax effect of expenses that are not deductible in determining tax profit:		
- Expenses not allowed as expenses in determining taxable profit	816,590	141,867
Tax effect of income or profit that are not required in determining taxable profit:		
- Exemption of non - taxable dividend income	(666,666)	(1,066,666)
- Others	(532,882)	(320,012)
Total reconciliation items	(382,958)	(1,244,811)
Total tax expense	67,284,636	63,053,346

26.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate

For the years ended December 31, 2022 and 2021 are summarized as follows:

	Baht			
	2022		2020	
	Tax amount	Tax rate	Tax amount	Tax rate
	(Baht)	(%)	(Baht)	(%)
Accounting profit before tax expense for the year	338,337,972		321,490,782	
Tax expense at the applicable tax rate	67,667,594	20.00	64,298,157	20.00
Reconciliation items	(382,958)	(0.11)	(1,244,811)	(0.39)

Tax expense at the average effective tax rate	67,284,636	19.89	63,053,346	19.61
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27. PROVIDENT FUND

The defined contribution plans comprise provident funds established by companies in the Company for their employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates 3% of their basic salaries and by the Company at rates 3% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager. The Company's contributions for the years ended December 31, 2022 and 2021 in the amount of to Baht 4.47 million and Baht 4.47 million, respectively.

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28. DIRECTORS AND MANAGEMENT'S REMUNERATION

Directors and management's remuneration represent the benefits paid to the Company's directors and management such as salaries and related benefit including the benefit paid by other means. The Company's directors and management are the persons who are defined under the Securities and Exchange Act.

Directors of the Company is consisted of board of directors, audit committee and nomination and remuneration committee.

Management of the Company is consisted of executive board, chief medical officer and hospital administrator.

29. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources and assess its performance to the company's operating segment.

The one main operating segment of the Company is to provide healthcare as private hospital and hospital under the affiliated of social security and the single geographical area of their operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

Information about major customers

The groups of the Company's major customers include individuals, group of policyholders of the insurance company, group of contract parties' company and group of insured on social security who requires using the hospital service at the package rate from the government sectors.

30. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares which are issued and paid-up during the year.

	2022	2021
Profit for the year (Baht)	271,053,336	258,437,436
Weighted average number of ordinary share (Shares)	149,909,264	149,909,264
Earnings per share (Baht per share)	1.81	1.72

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31. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the statement of financial position as at December 31, 2022 and 2021, the Company's debt-to-equity ratio was 0.19 : 1 and 0.26 : 1, respectively.

32. FINANCIAL INSTRUMENTS

32.1 Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

32.2 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates, which may affect the interest earnings and expenses in the present and future years. The Company is primarily exposed to interest rate risk that relates primarily to deposit at financial institution and financial assets due to changes in interest rates. The Company has no policy to use any derivative financial instruments to reduce this risk.

Baht					
As at December 31, 2022					
Fixed interest		Floating	Non - interest	Total	Effective
Within 1 year	1 - 5 years	interest rate	bearing		interest rate
					(% per annum)

Financial assets

Baht						
As at December 31, 2022						
	Fixed interest		Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years				
Cash and cash equivalents	-	-	186,756,796	1,574,785	188,331,581	0.35
Trade and other current receivables	-	-	-	89,124,928	89,124,928	-
Accrued medical service income	-	-	-	124,760,938	124,760,938	-
Other current financial assets	221,044	-	-	1,037,615,853	1,037,836,897	0.46-065
Fixed deposit pledge as collateral	24,036,500	-	-	-	24,036,500	0.38
	24,257,544	-	186,756,796	1,253,076,504	1,464,090,844	
Financial liabilities						
Trade and other current payables	-	-	-	113,173,821	113,173,821	-
Lease liabilities	-	-	8,252,663	-	8,252,663	2.83
	-	-	8,252,663	113,173,821	121,426,484	

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DECEMBER 31, 2022

Baht						
As at December 31, 2021						
	Fixed interest		Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	-	-	358,272,263	2,117,045	360,389,308	0.13
Trade and other current receivables	-	-	-	78,349,091	78,349,091	-
Accrued medical service income	-	-	-	149,645,840	149,645,840	-
Other current financial assets	10,580,621	-	-	757,860,007	768,440,628	0.29-0.38
Fixed deposit pledge as collateral	13,587,200	-	-	-	13,587,200	0.38
	24,167,821	-	358,272,263	987,971,983	1,370,412,067	
Financial liabilities						
Trade and other current payables	-	-	-	117,483,665	117,483,665	-
Lease liabilities	-	-	7,106,266	-	7,106,266	2.83-3.13
	-	-	7,106,266	117,483,665	124,589,931	

32.3 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations of the financial condition of its counterparties, to provide a term of payment, and to require partial payment of deposit, or call for collateral as other security. Therefore, it does not expect to incur material losses from debt collection more than the amount already provided in the allowance for expected credit losses.

32.4 Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

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32.5 Fair value of financial instruments

Fair value

The Company uses the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

- Level 1 - Use of Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Use of Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (e.g. prices) or indirectly (e.g. derived from prices).
- Level 3 - Use of unobservable inputs such as estimates of future cash flows.

As of December 31, 2022, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows :-

	Baht			Total
	Level 1	Level 2	Level 3	
Assets				
Other current financial assets				
- Mutual funds - fixed income (hold to maturity within 1 year)	-	1,037,836,897	-	1,037,836,897
Other non-current financial assets				

- Equity security	193,333,140	-	193,333,140
		-	
Total	193,333,140	1,037,836,897	1,231,170,037

Fair valuation techniques and inputs to Level 2 fair valuation

The fair value of investments in investment units that are not listed on the Stock Exchange of Thailand is determined by using the net asset value per unit as announced by the fund managers.

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

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33. FINANCIAL ASSET AND FINANCIAL LIABILITIES

As at December 31, 2022 and 2021, the Company's management has assessed which business models applied to the financial assets and liabilities and have classified the financial assets and liabilities as follow :

	Baht			
	As at December 31, 2022			
	FVPL	FVOCI	Amortized cost	Total
Financial assets				
Cash and cash equivalents	-	-	188,331,581	188,331,581
Trade and other current receivables	-	-	89,124,928	89,124,928
Accrued medical service income	-	-	124,760,938	124,760,938
Other current financial assets	1,037,615,853	-	221,044	1,037,836,897
Fixed deposit pledge as collateral	-	-	24,036,500	24,036,500
Other-non current financial assets	-	193,333,140	-	193,333,140
	1,037,615,853	193,333,140	426,474,991	1,657,423,984
Financial liabilities				
Trade and other current payables	-	-	113,173,821	113,173,821
Lease liabilities	-	-	8,252,663	8,252,663
	-	-	121,426,484	121,426,484

	Baht			
	As at December 31, 2021			
	FVPL	FVOCI	Amortized cost	Total
Financial assets				
Cash and cash equivalents	-	-	360,389,308	360,389,308
Trade and other current receivables	-	-	78,349,091	78,349,091
Accrued medical service income	-	-	149,645,840	149,645,840
Other current financial assets	757,860,007	-	10,580,621	768,440,628
Fixed deposit pledge as collateral	-	-	13,587,200	13,587,200
Other-non current financial assets	-	153,333,180	-	153,333,180
	757,860,007	153,333,180	612,552,060	1,523,745,247
Financial liabilities				
Trade and other current payables	-	-	117,483,665	117,483,665
Lease liabilities	-	-	7,106,266	7,106,266
	-	-	124,589,931	124,589,931

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34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCIAL ACTIVITIES

Changes in the liabilities arising from financing activities for the year ended December 31, 2022 and 2021 are as follows:

	Baht			
	Balance as at	Cash flows	Non-cash transaction	Balance as at
	January 1, 2022	Increase (decrease)	Increase	December 31, 2022
Lease liabilities	7,106,266	946,313	200,084	8,252,663
	7,106,266	946,313	200,084	8,252,663

	Baht			
	Balance as at	Cash flows	Non-cash transaction	Balance as at
	January 1, 2021	Increase (decrease)	Increase	December 31, 2021
Lease liabilities	4,088,385	2,893,416	124,465	7,106,266
	4,088,385	2,893,416	124,465	7,106,266

35. COMMITMENTS WITH NON-RELATED PARTIES

As at December 31, 2022 and 2021, the Company has commitments as follow :-

	Baht	
	2022	2021
35.1 Letters of guarantee issued by a commercial bank to the government unit and the state enterprise.	24,036,500	24,247,200

35.2 Construction and equipment installation agreements	15,101,138	6,597,789
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36. RECLASSIFICATION

Certain amounts in the statements of income for the year ended December 31, 2021 has been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications were as follow:

	Baht		
	As previously reported	Increase (decrease)	As reclassified
For the year ended December 31, 2021			
Cost of medical services	1,407,582,178	(13,064,996)	1,394,517,182
Administrative expenses	120,334,766	13,064,996	133,399,762

37. TO APPROVED THE FINANCIAL STATEMENTS

The financial statements were authorized for issue by the Company's board of directors on February 15, 2023.