

Thai Nakin Hospital Public Company Limited
Review report interim financial information
For the three-month period ended 31 October 2021

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Thai Nakarin Hospital Public Company Limited

I have reviewed the accompanying statement of financial position of Thai Nakarin Hospital Public Company Limited as at 31 October 2021, the related statements of comprehensive income for the three-month period then ended, the related statements of changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim financial statements (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Samran Taengcham

Certified Public Accountant (Thailand) No. 8021

EY Office Limited

Bangkok: 13 December 2021

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

(Unit: Thousand Baht)

	Note	31 October 2021 (Unaudited but reviewed)	31 July 2021 (Audited)
Assets			
Current assets			
Cash and cash equivalents	3	448,260	366,744
Trade and other receivables	2, 5	429,822	260,321
Inventories		38,130	36,429
Other current financial assets	4	620,792	720,495
Other current assets		<u>16,472</u>	<u>14,625</u>
Total current assets		<u>1,553,476</u>	<u>1,398,614</u>
Non-current assets			
Property, plant and equipment	6	584,940	521,844
Intangible assets	7	1,551	1,741
Right-of-use assets	8	601,675	607,284
Deferred tax assets		22,484	20,950
Other non-current assets		<u>254</u>	<u>207</u>
Total non-current assets		<u>1,210,904</u>	<u>1,152,026</u>
Total assets		<u><u>2,764,380</u></u>	<u><u>2,550,640</u></u>

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

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

(Unit: Thousand Baht)

	Note	31 October 2021 (Unaudited but reviewed)	31 July 2021 (Audited)
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	9	186,019	161,234
Doctor fee payable	2	99,783	79,550
Income tax payable		61,175	30,622
Other current liabilities		28,735	35,199
Total current liabilities		375,712	306,605
Non-current liabilities			
Provision for long-term employee benefits		97,505	94,341
Other non-current financial liabilities		1,046	1,046
Total non-current liabilities		98,551	95,387
Total liabilities		474,263	401,992
Shareholders' equity			
Share capital			
Registered			
180,000,000 ordinary shares of Baht 1 each		180,000	180,000
Issued and fully paid-up			
180,000,000 ordinary shares of Baht 1 each		180,000	180,000
Share premium		20,538	20,538
Retained earnings			
Appropriated - statutory reserve		18,000	18,000
Unappropriated		2,071,579	1,930,110
Total shareholders' equity		2,290,117	2,148,648
Total liabilities and shareholders' equity		2,764,380	2,550,640

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

Directors

(Unaudited but reviewed)

Thai Nakarin Hospital Public Company Limited

Statement of comprehensive income

For the three-month period ended 31 October 2021

(Unit: Thousand Baht except earnings per share expressed in Baht)

	31 October	31 October
<u>Note</u>	<u>2021</u>	<u>2020</u>
Profit and loss:		
Revenues		
Revenues from hospital operations	693,119	494,441
Other income	<u>2,952</u>	<u>3,210</u>
Total revenues	<u>696,071</u>	<u>497,651</u>
Expenses		
Cost of hospital operations	463,500	366,443
Administrative expenses	<u>58,083</u>	<u>46,665</u>
Total expenses	<u>521,583</u>	<u>413,108</u>
Operating profit	174,488	84,543
Finance income	<u>1,220</u>	<u>2,270</u>
Profit before income tax expenses	175,708	86,813
Income tax expenses	<u>10 (34,239)</u>	<u>(16,495)</u>
Profit for the period	<u>141,469</u>	<u>70,318</u>
Other comprehensive income:		
Other comprehensive income for the period	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>141,469</u>	<u>70,318</u>
Basic earnings per share		
Profit (Baht)	<u>0.79</u>	<u>0.39</u>
Weighted average number of ordinary shares (Thousand shares)	<u>180,000</u>	<u>180,000</u>

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

(Unaudited but reviewed)

Thai Namarin Hospital Public Company Limited
Statement of changes in shareholders' equity
For the three-month period ended 31 October 2021

(Unit: Thousand Baht)

	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 August 2020	180,000	20,538	18,000	1,708,250	1,926,788
Total comprehensive income for the period	-	-	-	70,318	70,318
Balance as at 31 October 2020	<u>180,000</u>	<u>20,538</u>	<u>18,000</u>	<u>1,778,568</u>	<u>1,997,106</u>
Balance as at 1 August 2021	180,000	20,538	18,000	1,930,110	2,148,648
Total comprehensive income for the period	-	-	-	141,469	141,469
Balance as at 31 October 2021	<u>180,000</u>	<u>20,538</u>	<u>18,000</u>	<u>2,071,579</u>	<u>2,290,117</u>

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

(Unaudited but reviewed)

Thai Nakarin Hospital Public Company Limited

Statement of cash flows

For the three-month period ended 31 October 2021

	(Unit: Thousand Baht)	
	31 October 2021	31 October 2020
Cash flows from operating activities		
Profit before tax	175,708	86,813
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation expenses	21,956	21,543
Allowance for expected credit losses	5,213	269
Long-term employee benefit expenses	3,441	3,591
Loss on disposals of equipment	697	-
Interest income	(1,220)	(2,270)
Profit from operating activities before changes in operating assets and liabilities	205,795	109,946
Decrease (increase) in operating assets		
Trade and other receivables	(174,475)	(24,578)
Inventories	(1,701)	(397)
Other current assets	(1,847)	1
Other non-current assets	(47)	211
Increase (decrease) in operating liabilities		
Trade and other payables	28,947	11,989
Doctor fee payable	20,233	3,963
Other current liabilities	(6,464)	577
Provision for long-term employee benefits	(277)	(286)
Other non-current financial liabilities	-	19
Cash from operating activities	70,164	101,445
Cash paid for income tax	(5,220)	(2,963)
Net cash from operating activities	64,944	98,482

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

(Unaudited but reviewed)

Thai Nakarin Hospital Public Company Limited

Statement of cash flows (continued)

For the three-month period ended 31 October 2021

(Unit: Thousand Baht)

	31 October 2021	31 October 2020
Cash flows from investing activities		
Interest received	981	974
Decrease (increase) in other current financial assets	99,703	(255,647)
Cash paid for purchases of building improvement and equipment	(84,312)	(27,950)
Cash paid for purchase of intangible assets	-	(88)
Cash received from disposals of equipment	200	-
Net cash from (used in) investing activities	16,572	(282,711)
Net increase (decrease) in cash and cash equivalents	81,516	(184,229)
Cash and cash equivalents at beginning of period	366,744	312,039
Cash and cash equivalents at end of period (Note 3)	448,260	127,810

Supplemental cash flows information

Non-cash items

Accounts payable - construction and equipment purchase	5,520	10,453
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The accompanying notes are an integral part of the financial statements.

Thai Nakarin Hospital Public Company Limited

Notes to interim financial statements

For the three-month period ended 31 October 2021

1. General information

1.1 Corporate information

Thai Nakarin Hospital Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in hospital business. The registered office of the Company is at No. 345 Thepparat Road, Kwaeng Bangna Nuea, Khet Bangna, Bangkok.

1.2 Coronavirus disease 2019 Pandemic

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

1.3 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.4 New financial reporting standards

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

During the period, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

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

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

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

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 July 2021.

2. Related party transactions

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

	<u>Transfer pricing policy</u>
Revenue from hospital operations	Based on the price charged to normal customers
Rental income	Rates as stipulated in the agreements
Doctor fee expenses (directors and management)	Paid at the same rate as other doctors in the hospital
Medical welfare	Under the Company's regulations, medical welfare benefits are granted to directors, their spouses, children and parents, up to a specified amount per annum. These benefits exclude doctor fees, examinations conducted on other premises and special equipment charges

(Unaudited but reviewed)

(Unit: Thousand Baht)

For three-month periods
ended 31 October

	2021	2020
<u>Transactions with related companies and persons</u>		
Revenue from hospital operations	3,284	-
Rental income	-	90
Doctor fee expenses (directors and management)	4,731	2,937
Medical welfare	945	1,032

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

(Unit: Thousand Baht)

	31 October 2021	31 July 2021
<u>Trade receivables - related parties (Note 5)</u>		
Related companies (related by common shareholders and directors)	5,711	2,427
Total trade receivables - related parties	<u>5,711</u>	<u>2,427</u>
<u>Doctor fee payable - related persons</u>		
Related persons (directors and management)	1,081	2,243
Total doctor fee payable - related persons	<u>1,081</u>	<u>2,243</u>

Directors and management's benefits

During the three-month periods ended 31 October 2021 and 2020, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

For three-month periods
ended 31 October

	2021	2020
Short-term employee benefits	12,315	8,118
Post-employment benefits	1,508	1,701
Total	<u>13,823</u>	<u>9,819</u>

(Unaudited but reviewed)

3. Cash and cash equivalents

	(Unit: Thousand Baht)	
	31 October 2021	31 July 2021
Cash	6,566	4,992
Bank deposits	441,694	361,752
Total cash and cash equivalents	<u>448,260</u>	<u>366,744</u>

As at 31 October 2021, bank deposits in savings accounts carried interests between 0.05 and 1.10 percent per annum (31 July 2021: between 0.05 and 1.09 percent per annum).

4. Other current financial assets

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

	(Unit: Thousand Baht)			
	Other current financial assets		Interest rate (percent per annum)	
	31 October 2021	31 July 2021	31 October 2021	31 July 2021
Fixed deposits at financial institutions (7 - 12 months)	<u>620,792</u>	<u>720,495</u>	0.15 - 1.45	0.50 - 1.45
Total other current financial assets	<u>620,792</u>	<u>720,495</u>		

(Unaudited but reviewed)

5. Trade and other receivables

	(Unit: Thousand Baht)	
	31 October 2021	31 July 2021
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	758	2,427
Past due		
Up to 3 months	4,953	-
Total trade receivables - related parties	5,711	2,427
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	146,207	145,211
Past due		
Up to 3 months	231,296	95,009
3 - 6 months	42,451	10,748
6 - 12 months	4,321	5,542
Over 12 months	2,039	1,254
Total trade receivables - unrelated parties	426,314	257,764
Less: Allowance for expected credit losses	(11,102)	(5,889)
Total trade receivables - unrelated parties - net	415,212	251,875
Total trade receivables - net	420,923	254,302
<u>Other receivables</u>		
Other receivables - unrelated parties	6,973	4,332
Accrued interest income	1,926	1,687
Total other receivables	8,899	6,019
Total trade and other receivables - net	429,822	260,321

6. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 October 2021 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 August 2021	521,844
Additions during the period - at cost	80,150
Disposals during the period - net book value at disposal date	(897)
Depreciation for the period	<u>(16,157)</u>
Net book value as at 31 October 2021	<u><u>584,940</u></u>

7. Intangible assets

Movements in the intangible asset account, which represents computer software, during the three-month period ended 31 October 2021 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 August 2021	1,741
Amortisation for the period	<u>(190)</u>
Net book value as at 31 October 2021	<u><u>1,551</u></u>

8. Right-of-use assets

Movements in the Right-of-use assets account during the three-month period ended 31 October 2021 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 August 2021	607,284
Amortisation for the period	<u>(5,609)</u>
Net book value as at 31 October 2021	<u><u>601,675</u></u>

The Company entered into a long-term lease agreement for lease of land and building which are the current operation hospital building with Thai Red Cross Society. The agreement is for a period of 30 years, from 9 November 2018 to 8 November 2048 with the lease payment of Baht 668 million, being payable in full upon signing the new lease agreement. The Company paid the lease payment of Baht 668 million to the Thai Red Cross Society on 22 February 2019.

(Unaudited but reviewed)

9. Trade and other payables

(Unit: Thousand Baht)

	31 October 2021	31 July 2021
Trade payables - unrelated parties	118,002	95,485
Other payables - unrelated parties	20,464	17,892
Accounts payable - construction and equipment purchases	5,520	9,682
Accrued expenses	42,033	38,175
Total trade and other payables	186,019	161,234

10. Income tax

Interim corporate income tax is calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 October 2021 and 2020 are made up follows:

(Unit: Thousand Baht)

	For three-month period ended 31 October	
	2021	2020
Current income tax:		
Interim corporate income tax charge	35,773	17,042
Adjustment in respect of income tax previous year	-	105
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,534)	(652)
Income tax expenses reported in the statements of comprehensive income	34,239	16,495

11. Operating segment information

Operating segment information is reported in a manner consistent with the internal reporting the chief operating decision maker has received and regularly reviewed to make decisions about resources to be allocated to the segment and assess its performance. The chief operating decision maker has been identified as Executive Committee.

The one main reportable operating segment of the Company is the hospital business and the single geographical area of its operation is Thailand. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

12. Commitments and contingent liabilities**12.1 Commitments under service agreements**

The Company had total minimum payments to be paid in the future under the service agreements as follows:

	(Unit: Million Baht)	
	31 October 2021	31 July 2021
	<hr/>	<hr/>
Payable:		
In up to 1 year	12.2	12.5
In over 1 year and up to 3 years	5.1	1.4

12.2 Capital commitments

As at 31 October 2021, the Company had capital commitments of Baht 214.7 million (31 July 2021: Baht 271.7 million) in respect of the acquisitions of buildings and building improvements, medical equipment and facility systems.

12.3 Guarantees

- a. As at 31 October 2021, the Company had credit facilities with a commercial bank for overdrafts of Baht 20.0 million and short-term loans of Baht 10.0 million (31 July 2021: Credit facilities with a commercial bank for overdrafts of Baht 20.0 million and short-term loans of Baht 10.0 million).
- b. As at 31 October 2021, the Company had outstanding bank guarantees of approximately Baht 4.8 million issued by the bank on behalf of the Company in respect of electricity use as required in the normal course of business. (31 July 2021: Baht 4.8 million).

13. Event after the reporting period

On 18 November 2021, the Annual General Meeting of the shareholders of the Company passed a resolution approving the dividend payment for the year 2020 to the Company's shareholders at Baht 0.50 per share or a total of Baht 90 million. The dividend will be paid to the shareholders on 15 December 2021.

14. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 December 2021.