

Thai Nakin Hospital Public Company Limited
and its subsidiary
Review report interim financial information
For the three-month period ended
31 October 2022

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 consolidated statement of financial position of Thai Nakarin Hospital Public Company Limited and its subsidiary ("the Group") as at 31 October 2022, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Thai Nakarin Hospital Public Company Limited for the same period (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: 12 December 2022

Thai Nakarin Hospital Public Company Limited and its subsidiary

Statement of financial position

As at 31 October 2022

(Unit: Thousand Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		31 October	31 July	31 October	31 July
		2022	2022	2022	2022
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	1,070,384	699,568	1,068,319	697,019
Trade and other receivables	2, 4	283,460	360,768	283,284	360,588
Inventories		43,261	36,172	43,261	36,172
Other current financial assets	5	221,525	472,547	221,525	472,547
Other current assets		1,183	1,532	1,183	1,532
Total current assets		1,619,813	1,570,587	1,617,572	1,567,858
Non-current assets					
Investment in subsidiary	6	-	-	1,000	1,000
Property, plant and equipment	7	816,783	778,999	816,783	778,999
Intangible assets		3,196	3,374	3,196	3,374
Right-of-use assets	8	586,503	592,180	586,503	592,180
Deferred tax assets		29,130	24,446	29,130	24,446
Other non-current assets		109	99	109	99
Total non-current assets		1,435,721	1,399,098	1,436,721	1,400,098
Total assets		3,055,534	2,969,685	3,054,293	2,967,956

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

Thai Nakarin Hospital Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 October 2022

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 October 2022 (Unaudited but reviewed)	31 July 2022 (Audited)	31 October 2022 (Unaudited but reviewed)	31 July 2022 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	9	202,794	210,248	202,451	209,132
Doctor fee payable	2	100,720	106,572	100,720	106,572
Income tax payable		42,430	26,801	42,297	26,710
Other current liabilities		37,689	31,154	37,689	31,154
Total current liabilities		383,633	374,775	383,157	373,568
Non-current liabilities					
Provision for long-term employee benefits		105,040	102,956	105,040	102,956
Other non-current financial liabilities		8,659	7,954	8,659	7,954
Total non-current liabilities		113,699	110,910	113,699	110,910
Total liabilities		497,332	485,685	496,856	484,478
Shareholders' equity					
Share capital					
Registered					
180,000,000 ordinary shares of Baht 1 each		180,000	180,000	180,000	180,000
Issued and fully paid-up					
180,000,000 ordinary shares of Baht 1 each		180,000	180,000	180,000	180,000
Share premium		20,538	20,538	20,538	20,538
Retained earnings					
Appropriated - statutory reserve		18,000	18,000	18,000	18,000
Unappropriated		2,339,664	2,265,462	2,338,899	2,264,940
Equity attributable to owners of the company		2,558,202	2,484,000	2,557,437	2,483,478
Total liabilities and shareholders' equity		3,055,534	2,969,685	3,054,293	2,967,956

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

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Directors
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(Unaudited but reviewed)

Thai Nakarin Hospital Public Company Limited and its subsidiary

Statement of comprehensive income

For the three-month period ended 31 October 2022

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

	Consolidated		
	financial		
	statements	Separate financial statements	
	31 October	31 October	31 October
<u>Note</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>
Profit and loss:			
Revenues			
Revenues from hospital operations	594,523	594,523	693,119
Other income	<u>7,750</u>	<u>7,267</u>	<u>2,952</u>
Total revenues	<u>602,273</u>	<u>601,790</u>	<u>696,071</u>
Expenses			
Cost of hospital operations and goods sold	428,141	427,982	463,500
Administrative expenses	<u>83,971</u>	<u>83,932</u>	<u>58,083</u>
Total expenses	<u>512,112</u>	<u>511,914</u>	<u>521,583</u>
Operating profit	90,161	89,876	174,488
Finance income	<u>1,313</u>	<u>1,313</u>	<u>1,220</u>
Profit before income tax expenses	91,474	91,189	175,708
Income tax expenses	<u>10 (17,272)</u>	<u>(17,230)</u>	<u>(34,239)</u>
Profit for the period	<u>74,202</u>	<u>73,959</u>	<u>141,469</u>
Other comprehensive income:			
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>74,202</u>	<u>73,959</u>	<u>141,469</u>
Basic earnings per share			
Profit (Baht)	<u>0.41</u>	<u>0.41</u>	<u>0.79</u>
Weighted average number of ordinary shares (Thousand shares)	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>

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

(Unaudited but reviewed)

Thai Nakin Hospital Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the three-month period ended 31 October 2022

(Unit: Thousand Baht)

	Consolidated financial statements				Total shareholders' equity
	Issued and paid-up share capital	Share premium	Retained earnings Appropriated - statutory reserve	Unappropriated	
Balance as at 1 August 2021	180,000	20,538	18,000	2,265,462	2,484,000
Total comprehensive income for the period	-	-	-	74,202	74,202
Balance as at 31 October 2022	<u>180,000</u>	<u>20,538</u>	<u>18,000</u>	<u>2,339,664</u>	<u>2,558,202</u>

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

(Unaudited but reviewed)

Thai Nakarin Hospital Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the three-month period ended 31 October 2022

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and paid-up share capital	Share premium	Retained earnings Appropriated - statutory reserve	Unappropriated	
Balance as at 1 August 2020	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>
Balance as at 1 August 2021	180,000	20,538	18,000	2,264,940	2,483,478
Total comprehensive income for the period	-	-	-	73,959	73,959
Balance as at 31 October 2022	<u>180,000</u>	<u>20,538</u>	<u>18,000</u>	<u>2,338,899</u>	<u>2,557,437</u>

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

(Unaudited but reviewed)

Thai Nakarin Hospital Public Company Limited and its subsidiary

Statement of cash flows

For the three-month period ended 31 October 2022

(Unit: Thousand Baht)

	Consolidated		
	financial	Separate financial statements	
	statements	Separate financial statements	
	31 October	31 October	31 October
	2022	2022	2021
Cash flows from operating activities			
Profit before tax	91,474	91,189	175,708
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation expenses	27,321	27,321	21,956
Allowance for expected credit losses	21,460	21,460	5,213
Long-term employee benefit expenses	3,481	3,481	3,441
(Gain) loss on disposals of equipment	(2,036)	(2,036)	697
Interest income	(1,313)	(1,313)	(1,220)
Profit from operating activities before changes in operating assets and liabilities	140,387	140,102	205,795
Decrease (increase) in operating assets			
Trade and other receivables	55,587	55,583	(174,475)
Inventories	(7,089)	(7,089)	(1,701)
Other current assets	349	349	(1,847)
Other non-current assets	(10)	(10)	(47)
Increase (decrease) in operating liabilities			
Trade and other payables	12,140	12,913	28,947
Doctor fee payable	(5,852)	(5,852)	20,233
Other current liabilities	6,535	6,535	(6,464)
Provision for long-term employee benefits	(1,397)	(1,397)	(277)
Other non-current financial liabilities	705	705	-
Cash from operating activities	201,355	201,839	70,164
Cash paid for income tax	(6,327)	(6,327)	(5,220)
Net cash from operating activities	195,028	195,512	64,944

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

(Unaudited but reviewed)

Thai Nakarin Hospital Public Company Limited and its subsidiary

Statement of cash flows (continued)

For the three-month period ended 31 October 2022

(Unit: Thousand Baht)

	Consolidated financial statements		
	31 October	31 October	31 October
	2022	2022	2021
Cash flows from investing activities			
Interest received	1,574	1,574	981
Decrease in other current financial assets	251,022	251,022	99,703
Cash paid for purchases of building improvement and equipment	(78,967)	(78,967)	(84,312)
Cash received from disposals of equipment	2,159	2,159	200
Net cash from investing activities	175,788	175,788	16,572
Net increase in cash and cash equivalents	370,816	371,300	81,516
Cash and cash equivalents at beginning of period	699,568	697,019	366,744
Cash and cash equivalents at end of period			
(Note 3)	1,070,384	1,068,319	448,260
Supplemental cash flows information			
Non-cash items			
Accounts payable - construction and equipment purchase	29,719	29,719	5,520

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

Thai Nakarin Hospital Public Company Limited and its subsidiary
Notes to consolidated interim financial statements
For the three-month period ended 31 October 2022

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 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.

1.3 Basis of consolidation

These interim consolidated financial statements include the financial statements of Thai Nakarin Hospital Public Company Limited and its subsidiary (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 July 2022. There have been no changes in the structure of the subsidiary during the current period.

1.4 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 2022.

Financial reporting standards that became effective in the current year

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2022, do not have any significant impact on the Group's financial statements.

Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2023. The management of the Group is currently evaluating the impact of these standards to the financial statements in the years when they are adopted.

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)

Consolidated and separate
financial statements

For three-month periods
ended 31 October

	<u>2022</u>	<u>2021</u>
<u>Transactions with related companies and persons</u>		
Revenue from hospital operations	42	3,284
Doctor fee expenses (directors and management)	2,478	4,731
Medical welfare	1,084	945

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 October	31 July	31 October	31 July
	2022	2022	2022	2022
<u>Trade receivables - related parties</u>				
(Note 4)				
Related companies (related by common shareholders and directors)	1,832	9,628	1,832	9,628
Total trade receivables - related parties	<u>1,832</u>	<u>9,628</u>	<u>1,832</u>	<u>9,628</u>
<u>Other receivables - related parties</u>				
(Note 4)				
Subsidiaries	-	-	1	-
Total trade receivables - related parties	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
<u>Doctor fee payable - related persons</u>				
Related persons (directors and management)	785	929	785	929
Total doctor fee payable - related persons	<u>785</u>	<u>929</u>	<u>785</u>	<u>929</u>

(Unaudited but reviewed)

Directors and management's benefits

During the three-month period ended 31 October 2022 and 2021, the Company had employee benefit expenses to its directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	For three-month periods ended 31 October	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	11,282	12,315
Post-employment benefits	633	1,508
Total	<u>11,915</u>	<u>13,823</u>

3. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 October	31 July	31 October	31 July
	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>
Cash	4,489	8,218	4,489	8,218
Bank deposits	1,065,895	691,350	1,063,830	688,801
Total cash and cash equivalents	<u>1,070,384</u>	<u>699,568</u>	<u>1,068,319</u>	<u>697,019</u>

As at 31 October 2022, bank deposits in savings accounts carried interests between 0.05 and 1.15 percent per annum (31 July 2022: between 0.05 and 0.50 percent per annum).

(Unaudited but reviewed)

4. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 October 2022	31 July 2022	31 October 2022	31 July 2022
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Past due				
Up to 3 months	-	2,787	-	2,787
3 - 6 months	57	6,788	57	6,788
6 - 12 months	1,754	53	1,754	53
Over 12 months	21	-	21	-
Total trade receivables - related parties	1,832	9,628	1,832	9,628
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due				
	77,943	88,947	77,943	88,947
Past due				
Up to 3 months	78,844	94,342	78,844	94,342
3 - 6 months	23,001	46,035	23,001	46,035
6 - 12 months	76,984	124,724	76,984	124,724
Over 12 months	52,685	4,252	52,685	4,252
Total trade receivables - unrelated parties	309,457	358,300	309,457	358,300
Less: Allowance for expected credit losses	(36,820)	(15,360)	(36,820)	(15,360)
Total trade receivables - unrelated parties - net	272,637	342,940	272,637	342,940
Total trade receivables - net	274,469	352,568	274,469	352,568
<u>Other receivables</u>				
Other receivables - related party	-	-	1	-
Other receivables - unrelated parties	8,136	7,084	7,959	6,904
Accrued interest income	855	1,116	855	1,116
Total other receivables	8,991	8,200	8,815	8,020
Total trade and other receivables - net	283,460	360,768	283,284	360,558

(Unaudited but reviewed)

5. Other current financial assets

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

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	Other current financial assets		Interest rate (percent per annum)	
	31 October 2022	31 July 2022	31 October 2022	31 July 2022
Fixed deposits at financial institutions (12 months)	221,525	472,547	0.50 - 2.00	0.15 - 1.15
Total other current financial assets	<u>221,525</u>	<u>472,547</u>		

6. Investment in subsidiary

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

(Unit: Thousand Baht)

Company's name	Type of relation	Shareholding percentage		Cost	
		31 October 2022	31 July 2021	31 October 2022	31 July 2021
		(%)	(%)		(Audited)
Local subsidiary					
Jatu Charoen Development Company Limited	Direct holding	99.97	99.97	1,000	1,000

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

(Unaudited but reviewed)

7. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 October 2022 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Net book value as at 1 August 2022	778,999
Additions during the period - at cost	59,373
Disposals during the period - net book value at disposal date	(123)
Depreciation for the period	(21,466)
Net book value as at 31 October 2022	<u>816,783</u>

8. Right-of-use assets

Movements in the Right-of-use assets account during the three-month period ended 31 October 2022 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Net book value as at 1 August 2022	592,180
Amortisation for the period	(5,677)
Net book value as at 31 October 2022	<u>586,503</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)

	Consolidated		Separate	
	financial statements		financial statements	
	31 October	31 July	31 October	31 July
	2022	2022	2022	2022
Trade payables - unrelated parties	108,274	93,143	108,044	92,383
Other payables - unrelated parties	23,166	23,828	23,166	23,828
Accounts payable - construction and equipment purchases	29,719	49,313	29,719	49,313
Accrued expenses	41,635	43,963	41,522	43,608
Total trade and other payables	<u>202,794</u>	<u>210,247</u>	<u>202,451</u>	<u>209,132</u>

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 period ended 31 October 2022 and 2021 are made up follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2022	2022	2021
Current income tax:				
Interim corporate income tax charge	21,956	21,914	21,914	35,773
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,684)	(4,684)	(4,684)	(1,534)
Income tax expenses reported in the statements of comprehensive income	<u>17,272</u>	<u>17,230</u>	<u>17,230</u>	<u>34,239</u>

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 2022	31 July 2022
Payable:		
In up to 1 year	13.6	10.0
In over 1 year and up to 3 years	1.9	2.6

12.2 Capital commitments

As at 31 October 2022, the Company had capital commitments of Baht 104.1 million (31 July 2022: Baht 117.4 million) in respect of the acquisitions of buildings and building improvements, medical equipment and facility systems.

12.3 Guarantees

- a. As at 31 October 2022, the Company had credit facilities with a commercial bank for overdrafts of Baht 20 million and short-term loans of Baht 10 million (31 July 2022: Credit facilities with a commercial bank for overdrafts of Baht 20 million and short-term loans of Baht 10 million).

- b. As at 31 October 2022, the Company had outstanding bank guarantees of approximately Baht 4.8 million issued by the bank on behalf of the Company in respect of electricity use as required in the normal course of business. (31 July 2022: Baht 4.8 million).

13. Event after reporting period

On 17 November 2022, the Annual General Meeting of shareholders of the Company passed a resolution approving the dividend payment for the year 2022 to the Company's shareholders at Baht 0.6 per share or a total of Baht 108 million. The dividend will be paid to the shareholders on 14 December 2022.

14. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 December 2022.