

Thai Nakin Hospital Public Company Limited
Review report interim financial information
For the three-month and six-month periods ended
31 January 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 statement of financial position of Thai Nakarin Hospital Public Company Limited as at 31 January 2022, the related statements of comprehensive income for the three-month and six-month periods then ended, the related statements of changes in shareholders' equity and cash flows for the six-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: 16 March 2022

FINAL DRAFT

Thai Nakarin Hospital Public Company Limited

Statement of financial position

As at 31 January 2022

(Unit: Thousand Baht)

	Note	31 January 2022	31 July 2021
		(Unaudited but reviewed)	(Audited)
Assets			
Current assets			
Cash and cash equivalents	3	451,400	366,744
Trade and other receivables	2, 5	425,318	260,321
Inventories		38,460	36,429
Other current financial assets	4	620,792	720,495
Other current assets		14,817	14,625
Total current assets		<u>1,550,787</u>	<u>1,398,614</u>
Non-current assets			
Property, plant and equipment	6	612,691	521,844
Intangible assets	7	1,381	1,741
Right-of-use assets	8	603,348	607,284
Deferred tax assets		22,919	20,950
Other non-current assets		105	207
Total non-current assets		<u>1,240,444</u>	<u>1,152,026</u>
Total assets		<u><u>2,791,231</u></u>	<u><u>2,550,640</u></u>

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

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Directors

Thai Nakaran Hospital Public Company Limited

Statement of financial position (continued)

As at 31 January 2022

(Unit: Thousand Baht)

	Note	31 January 2022 (Unaudited but reviewed)	31 July 2021 (Audited)
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	9	191,735	161,234
Doctor fee payable	2	109,065	79,550
Income tax payable		52,986	30,622
Other current liabilities		19,980	35,199
Total current liabilities		373,766	306,605
Non-current liabilities			
Provision for long-term employee benefits		97,693	94,341
Other non-current financial liabilities		1,046	1,046
Total non-current liabilities		98,739	95,387
Total liabilities		472,505	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		2,100,188	1,930,110
Total shareholders' equity		2,318,726	2,148,648
Total liabilities and shareholders' equity		2,791,231	2,550,640

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

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 We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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 Directors

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 Directors

(Unaudited but reviewed)

Thai Nakarin Hospital Public Company Limited

Statement of comprehensive income

For the three-month period ended 31 January 2022

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

	31 January	31 January
Note	2022	2021
Profit and loss:		
Revenues		
Revenues from hospital operations	666,108	489,966
Other income	2,324	5,577
Total revenues	668,432	495,543
Expenses		
Cost of hospital operations	461,240	389,270
Administrative expenses	61,258	48,739
Total expenses	522,498	438,009
Operating profit	145,934	57,534
Finance income	1,110	917
Profit before income tax expenses	147,044	58,451
Income tax expenses	10 (28,435)	(9,117)
Profit for the period	118,609	49,334
Other comprehensive income:		
Other comprehensive income for the period	-	-
Total comprehensive income for the period	118,609	49,334
Basic earnings per share		
Profit (Baht)	0.66	0.27
Weighted average number of ordinary shares (Thousand shares)	180,000	180,000

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Directors

(Unaudited but reviewed)

Thai Nakarin Hospital Public Company Limited

Statement of comprehensive income

For the six-month period ended 31 January 2022

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

	31 January	31 January
Note	2022	2021
Profit and loss:		
Revenues		
Revenues from hospital operations	1,359,227	984,407
Other income	5,276	8,787
Total revenues	1,364,503	993,194
Expenses		
Cost of hospital operations	924,740	755,713
Administrative expenses	119,341	95,404
Total expenses	1,044,081	851,117
Operating profit	320,422	142,077
Finance income	2,330	3,187
Profit before income tax expenses	322,752	145,264
Income tax expenses	10 (62,674)	(25,612)
Profit for the period	260,078	119,652
Other comprehensive income:		
Other comprehensive income for the period	-	-
Total comprehensive income for the period	260,078	119,652
Basic earnings per share		
Profit (Baht)	1.44	0.66
Weighted average number of ordinary shares (Thousand shares)	180,000	180,000

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Directors

(Unaudited but reviewed)

Thai Nakin Hospital Public Company Limited
Statement of changes in shareholders' equity
For the six-month period ended 31 January 2022

(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	-	-	-	119,652	119,652
Dividend paid (Note 11)	-	-	-	(81,000)	(81,000)
Balance as at 31 January 2021	<u>180,000</u>	<u>20,538</u>	<u>18,000</u>	<u>1,746,902</u>	<u>1,965,440</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	-	-	-	260,078	260,078
Dividend paid (Note 11)	-	-	-	(90,000)	(90,000)
Balance as at 31 January 2022	<u>180,000</u>	<u>20,538</u>	<u>18,000</u>	<u>2,100,188</u>	<u>2,318,726</u>

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

(Unaudited but reviewed)

Thai Nakaran Hospital Public Company Limited

Statement of cash flows

For the six-month period ended 31 January 2022

	(Unit: Thousand Baht)	
	31 January 2022	31 January 2021
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Profit before tax	322,752	145,264
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation expenses	43,639	43,363
Allowance for expected credit losses (reversal)	7,454	(1,183)
Long-term employee benefit expenses	6,880	7,182
(Gain) loss on disposals of equipment	493	(2,698)
Interest income	(2,330)	(3,187)
	<u>378,888</u>	<u>188,741</u>
Profit from operating activities before changes in operating assets and liabilities	378,888	188,741
Decrease (increase) in operating assets		
Trade and other receivables	(172,664)	(15,063)
Inventories	(2,031)	(4,315)
Other current assets	(192)	(61)
Other non-current assets	102	180
Increase (decrease) in operating liabilities		
Trade and other payables	36,007	22,790
Doctor fee payable	29,515	1,333
Other current liabilities	(15,219)	13,001
Provision for long-term employee benefits	(3,528)	(538)
Other non-current financial liabilities	-	42
	<u>250,878</u>	<u>206,110</u>
Cash from operating activities	250,878	206,110
Cash paid for income tax	(42,279)	(23,229)
	<u>208,599</u>	<u>182,881</u>
Net cash from operating activities	208,599	182,881

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 six-month period ended 31 January 2022

(Unit: Thousand Baht)

	31 January 2022	31 January 2021
Cash flows from investing activities		
Interest received	2,543	3,276
Decrease (increase) in other current financial assets	99,703	(104,362)
Cash paid for purchases of building improvement and equipment	(129,344)	(89,038)
Cash paid for purchase of intangible assets	-	(88)
Increase in right-of-use assets	(7,348)	-
Cash received from disposals of equipment	503	3,010
Net cash used in investing activities	(33,943)	(187,202)
Cash flows from financing activities		
Dividend paid	(90,000)	(81,000)
Net cash used in financing activities	(90,000)	(81,000)
Net increase (decrease) in cash and cash equivalents	84,656	(85,321)
Cash and cash equivalents at beginning of period	366,744	312,039
Cash and cash equivalents at end of period (Note 3)	451,400	226,718
Supplemental cash flows information		
Non-cash items		
Accounts payable - construction and equipment purchase	4,176	2,783

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 and six-month periods ended 31 January 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 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		For six-month periods	
	ended 31 January		ended 31 January	
	2022	2021	2022	2021
<u>Transactions with related companies and persons</u>				
Revenue from hospital operations	3,811	-	7,095	-
Rental income	-	90	-	180
Doctor fee expenses (directors and management)	3,529	9,139	8,260	12,076
Medical welfare	958	898	1,903	1,930

The balances of accounts as at 31 January 2022 and 31 July 2021 between the Company and its related parties are as follows:

(Unit: Thousand Baht)

	31 January	31 July
	2022	2021
<u>Trade receivables - related parties (Note 5)</u>		
Related companies (related by common shareholders and directors)	9,521	2,427
Total trade receivables - related parties	9,521	2,427
<u>Doctor fee payable - related persons</u>		
Related persons (directors and management)	1,194	2,243
Total doctor fee payable - related persons	1,194	2,243

Directors and management's benefits

During the three-month and six-month periods ended 31 January 2022 and 2021, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	For three-month periods		For six-month periods	
	ended 31 January		ended 31 January	
	2022	2021	2022	2021
Short-term employee benefits	15,165	13,805	27,480	21,923
Post-employment benefits	1,516	1,701	3,024	3,402
Total	16,681	15,506	30,504	25,325

(Unaudited but reviewed)

3. Cash and cash equivalents

(Unit: Thousand Baht)

	31 January 2022	31 July 2021
Cash	4,248	4,992
Bank deposits	447,152	361,752
Total cash and cash equivalents	<u>451,400</u>	<u>366,744</u>

As at 31 January 2022, 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 January 2022 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 January 2022	31 July 2021	31 January 2022	31 July 2021
Fixed deposits at financial institutions (6 - 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 January 2022	31 July 2021
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	1,746	2,427
Past due		
Up to 3 months	2,752	-
3 - 6 months	5,023	-
Total trade receivables - related parties	9,521	2,427
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	70,587	145,211
Past due		
Up to 3 months	160,628	95,009
3 - 6 months	161,823	10,748
6 - 12 months	25,413	5,542
Over 12 months	2,946	1,254
Total trade receivables - unrelated parties	421,397	257,764
Less: Allowance for expected credit losses	(13,343)	(5,889)
Total trade receivables - unrelated parties - net	408,054	251,875
Total trade receivables - net	417,575	254,302
<u>Other receivables</u>		
Other receivables - unrelated parties	6,269	4,332
Accrued interest income	1,474	1,687
Total other receivables	7,743	6,019
Total trade and other receivables - net	425,318	260,321

6. Property, plant and equipment

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

	(Unit: Thousand Baht)
Net book value as at 1 August 2021	521,844
Additions during the period - at cost	123,838
Disposals during the period - net book value at disposal date	(996)
Depreciation for the period	<u>(31,995)</u>
Net book value as at 31 January 2022	<u><u>612,691</u></u>

7. Intangible assets

Movements in the intangible asset account, which represents computer software, during the six-month period ended 31 January 2022 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 August 2021	1,741
Amortisation for the period	<u>(360)</u>
Net book value as at 31 January 2022	<u><u>1,381</u></u>

8. Right-of-use assets

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

	(Unit: Thousand Baht)
Net book value as at 1 August 2021	607,284
Additions during the period - at cost	7,348
Amortisation for the period	<u>(11,284)</u>
Net book value as at 31 January 2022	<u><u>603,348</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 January 2022	31 July 2021
Trade payables - unrelated parties	123,054	95,485
Other payables - unrelated parties	17,200	17,892
Accounts payable - construction and equipment purchases	4,176	9,682
Accrued expenses	47,305	38,175
Total trade and other payables	<u>191,735</u>	<u>161,234</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 and six-month periods ended 31 January 2022 and 2021 are made up follows:

(Unit: Thousand Baht)

	For three-month periods ended 31 January		For six-month periods ended 31 January	
	2022	2021	2022	2021
Current income tax:				
Interim corporate income tax charge	28,870	9,504	64,643	26,546
Adjustment in respect of income tax previous year	-	(47)	-	58
Deferred tax:				
Relating to origination and reversal of temporary differences	(435)	(340)	(1,969)	(992)
Income tax expenses reported in the statements of comprehensive income	<u>28,435</u>	<u>9,117</u>	<u>62,674</u>	<u>25,612</u>

(Unaudited but reviewed)

11. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2020	Annual General Meeting of the shareholders on 19 November 2020	81.0	0.45
Total dividends for 2021		81.0	
Final dividends for 2021	Annual General Meeting of the shareholders on 18 November 2021	90.0	0.50
Total dividends for 2022		90.0	

12. 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.

13. Commitments and contingent liabilities

13.1 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 January 2022	31 July 2021
Payable:		
In up to 1 year	20.3	12.5
In over 1 year and up to 3 years	4.2	1.4

13.2 Capital commitments

As at 31 January 2022, the Company had capital commitments of Baht 204.8 million (31 July 2021: Baht 271.7 million) in respect of the acquisitions of buildings and building improvements, medical equipment and facility systems.

13.3 Guarantees

- a. As at 31 January 2022, 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 January 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 2021: Baht 4.8 million).

14. Event after the reporting period

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.

15. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 16 March 2022.