

Thai Nakarin Hospital Public Company Limited
and its subsidiary
Review report interim financial information
For the three-month period ended
31 October 2023

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 2023, 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: 14 December 2023

(Unaudited but reviewed)

Thai Nakarin Hospital Public Company Limited and its subsidiary

Statement of cash flows

For the three-month period ended 31 October 2023

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	31 October 2023	31 October 2022	31 October 2023	31 October 2022
Cash flows from operating activities				
Profit before tax	161,435	91,474	161,474	91,189
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation expenses	30,759	27,321	30,759	27,321
Allowance for expected credit losses	3,031	21,460	3,031	21,460
Long-term employee benefit expenses	3,674	3,481	3,674	3,481
Gain on disposals of equipment	(170)	(2,036)	(170)	(2,036)
Interest income	(4,060)	(1,313)	(4,057)	(1,313)
Profit from operating activities before changes in operating assets and liabilities	194,669	140,387	194,711	140,102
Decrease (increase) in operating assets				
Trade and other receivables	(15,672)	55,587	(15,672)	55,583
Inventories	(5,070)	(7,089)	(5,070)	(7,089)
Other current assets	(81)	349	(81)	349
Other non-current assets	(154)	(10)	(154)	(10)
Increase (decrease) in operating liabilities				
Trade and other payables	18,378	12,140	18,491	12,913
Doctor fee payable	8,044	(5,852)	8,044	(5,852)
Other current liabilities	8,557	6,535	8,552	6,535
Provision for long-term employee benefits	(303)	(1,397)	(303)	(1,397)
Other non-current financial liabilities	480	705	480	705
Cash from operating activities	208,848	201,355	208,998	201,839
Cash paid for income tax	(7,084)	(6,327)	(7,084)	(6,327)
Net cash from operating activities	201,764	195,028	201,914	195,512

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 2023

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	31 October <u>2023</u>	31 October <u>2022</u>	31 October <u>2023</u>	31 October <u>2022</u>
Cash flows from investing activities				
Interest received	3,419	1,574	3,416	1,574
Decrease (increase) in other current financial assets	(50,000)	251,022	(50,000)	251,022
Cash paid for purchases of building improvement and equipment	(54,158)	(78,967)	(54,158)	(78,967)
Cash paid for purchase of intangible assets	(16)	-	(16)	-
Cash received from disposals of equipment	<u>1,057</u>	<u>2,159</u>	<u>1,056</u>	<u>2,159</u>
Net cash from (used in) investing activities	<u>(99,698)</u>	<u>175,788</u>	<u>(99,702)</u>	<u>175,788</u>
Net increase in cash and cash equivalents	102,066	370,816	102,212	371,300
Cash and cash equivalents at beginning of period	<u>1,297,934</u>	<u>699,568</u>	<u>1,296,171</u>	<u>697,019</u>
Cash and cash equivalents at end of period (Note 3)	<u><u>1,400,000</u></u>	<u><u>1,070,384</u></u>	<u><u>1,398,383</u></u>	<u><u>1,068,319</u></u>

Supplemental cash flows information

Non-cash items

Accounts payable - construction

and equipment purchase

14,099 29,719 14,099 29,719

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 comprehensive income

For the three-month period ended 31 October 2023

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	31 October	31 October	31 October	31 October
Note	2023	2022	2023	2022
Profit and loss:				
Revenues				
Revenues from hospital operations	695,989	597,233	695,989	597,233
Other income	2,007	5,040	2,007	4,557
Total revenues	697,996	602,273	697,996	601,790
Expenses				
Cost of hospital operations and goods sold	478,800	428,141	478,800	427,982
Administrative expenses	61,818	83,971	61,779	83,932
Total expenses	540,618	512,112	540,579	511,914
Operating profit	157,378	90,161	157,417	89,876
Finance income	4,057	1,313	4,057	1,313
Profit before income tax expenses	161,435	91,474	161,474	91,189
Income tax expenses	10 (31,131)	(17,272)	(31,131)	(17,230)
Profit for the period	130,304	74,202	130,343	73,959
Other comprehensive income:				
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	130,304	74,202	130,343	73,959
Basic earnings per share				
Profit (Baht)	0.72	0.41	0.72	0.41
Weighted average number of ordinary shares (Thousand shares)	180,000	180,000	180,000	180,000

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 2023

(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 2022	180,000	20,538	18,000	2,265,462	2,484,000
Total comprehensive income for the period	-	-	-	74,202	74,202
Dividend paid (Note 11)	-	-	-	-	-
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>
Balance as at 1 August 2023	180,000	20,538	18,000	2,516,095	2,734,633
Total comprehensive income for the period	-	-	-	130,304	130,304
Dividend paid (Note 11)	-	-	-	-	-
Balance as at 31 October 2023	<u>180,000</u>	<u>20,538</u>	<u>18,000</u>	<u>2,646,399</u>	<u>2,864,937</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 2023

(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 2022	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>
Balance as at 1 August 2023	180,000	20,538	18,000	2,515,301	2,733,839
Total comprehensive income for the period	-	-	-	130,343	130,343
Balance as at 31 October 2023	<u>180,000</u>	<u>20,538</u>	<u>18,000</u>	<u>2,645,644</u>	<u>2,864,182</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 2023

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	31 October 2023	31 October 2022	31 October 2023	31 October 2022
Cash flows from operating activities				
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Other non-current financial liabilities	480	705	480	705
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Net cash from operating activities	201,764	195,028	201,914	195,512

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 2023

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 October	31 October	31 October	31 October
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Cash flows from investing activities				
Interest received	3,419	1,574	3,416	1,574
Decrease (increase) in other current financial assets	(50,000)	251,022	(50,000)	251,022
Cash paid for purchases of building improvement and equipment	(54,158)	(78,967)	(54,158)	(78,967)
Cash paid for purchase of intangible assets	(16)	-	(16)	-
Cash received from disposals of equipment	<u>1,057</u>	<u>2,159</u>	<u>1,056</u>	<u>2,159</u>
Net cash from (used in) investing activities	<u>(99,698)</u>	<u>175,788</u>	<u>(99,702)</u>	<u>175,788</u>
Net increase in cash and cash equivalents	102,066	370,816	102,212	371,300
Cash and cash equivalents at beginning of period	<u>1,297,934</u>	<u>699,568</u>	<u>1,296,171</u>	<u>697,019</u>
Cash and cash equivalents at end of period (Note 3)	<u><u>1,400,000</u></u>	<u><u>1,070,384</u></u>	<u><u>1,398,383</u></u>	<u><u>1,068,319</u></u>
Supplemental cash flows information				
Non-cash items				
Accounts payable - construction and equipment purchase	14,099	29,719	14,099	29,719

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 2023

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 2023. 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 2023.

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 2023, 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 2024

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 2024. 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.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year 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)

For three-month periods ended 31 October

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Transactions with related companies and persons</u>				
Revenue from hospital operations	30	42	30	42
Doctor fee expenses (directors and management)	1,276	2,478	1,276	2,478
Medical welfare	1,135	1,084	1,135	1,084

The balances of accounts as at 31 October 2023 and 31 July 2023 between the Company and its related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 October <u>2023</u>	31 July <u>2023</u>	31 October <u>2023</u>	31 July <u>2023</u>
<u>Trade receivables - related parties</u>				
(Note 4)				
Related companies (related by common shareholders and directors)	16	23	16	23
Total trade receivables - related parties	16	23	16	23
<u>Doctor fee payable - related persons</u>				
Related persons (directors and management)	422	475	422	475
Total doctor fee payable - related persons	422	475	422	475

(Unaudited but reviewed)

Directors and management's benefits

During the three-month period ended 31 October 2023 and 2022, 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>2023</u>	<u>2022</u>
Short-term employee benefits	8,699	11,282
Post-employment benefits	931	633
Total	<u>9,630</u>	<u>11,915</u>

3. Cash and cash equivalents

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	31 October 2023	31 July 2023	31 October 2023	31 July 2023
Cash	4,831	5,301	4,831	5,301
Bank deposits	1,395,169	1,292,633	1,393,552	1,290,870
Total cash and cash equivalents	<u>1,400,000</u>	<u>1,297,934</u>	<u>1,398,383</u>	<u>1,296,171</u>

As at 31 October 2023, bank deposits in savings accounts carried interests between 0.15 and 1.25 percent per annum (31 July 2023: between 0.15 and 1.25 percent per annum).

4. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 October 2023	31 July 2023	31 October 2023	31 July 2023
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	10	-	10
Past due				
Up to 3 months	16	4	16	4
6 - 12 months	-	9	-	9
Total trade receivables - related parties	16	23	16	23
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	101,600	88,718	101,600	88,718
Past due				
Up to 3 months	89,521	72,533	89,521	72,533
3 - 6 months	6,240	18,332	6,240	18,332
6 - 12 months	8,093	5,934	8,093	5,934
Over 12 months	27,944	32,084	27,944	32,084
Total trade receivables - unrelated parties	233,398	217,601	233,398	217,601
Less: Allowance for expected credit losses	(16,183)	(13,152)	(16,183)	(13,152)
Total trade receivables - unrelated parties - net	217,215	204,449	217,215	204,449
Total trade receivables - net	217,231	204,472	217,231	204,472
<u>Other receivables</u>				
Other receivables - unrelated parties	5,535	5,653	5,355	5,473
Accrued interest income	2,405	1,764	2,405	1,764
Total other receivables	7,940	7,417	7,760	7,237
Total trade and other receivables - net	255,171	211,889	224,991	211,709

5. Other current financial assets

As at 31 October 2023 and 31 July 2023, 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 2023	31 July 2023	31 October 2023	31 July 2023
Fixed deposits at financial institutions (6 - 12 months)	190,000	140,000	1.95 - 2.20	1.00 - 2.00
Total other current financial assets	190,000	140,000		

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	31 July	31 October	31 July
		2023	2023	2023	2023
		(%)	(%)		
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)

9. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	31 October	31 July	31 October	31 July
	2023	2023	2023	2023
Trade payables - unrelated parties	117,856	101,985	117,856	101,985
Other payables - unrelated parties	19,025	18,505	19,025	18,505
Accounts payable - construction and equipment purchases	14,099	27,210	14,099	27,210
Accrued expenses	39,361	37,374	39,324	37,224
Total trade and other payables	190,341	185,074	190,304	184,924

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 2023 and 2022 are made up follows:

(Unit: Thousand Baht)

	For three-month periods ended 31 October			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current income tax:				
Interim corporate income tax charge	32,390	21,956	32,390	21,914
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,259)	(4,684)	(1,259)	(4,684)
Income tax expenses reported in the statements of comprehensive income	31,131	17,272	31,131	17,230

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 2023	31 July 2023
	<hr/>	<hr/>
Payable:		
In up to 1 year	14.1	11.0
In over 1 year and up to 3 years	1.1	1.2

12.2 Capital commitments

As at 31 October 2023, the Company had capital commitments of Baht 129.5 million (31 July 2023: Baht 24.9 million) in respect of the acquisitions of buildings and building improvements, medical equipment and facility systems.

12.3 Guarantees

- a. As at 31 October 2023, 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 2023: 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 2023, the Company had outstanding bank guarantees of approximately Baht 6.4 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 2023: Baht 6.4 million).

13. Event after reporting period

On 22 November 2023, the Annual General Meeting of shareholders of the Company passed a resolution approving the dividend payment for the year 2023 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 20 December 2023.

14. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 December 2023.