

Bangkok Dusit Medical Services Public Company Limited
and its subsidiaries
Review report and consolidated interim financial statements
For the three-month period ended 31 March 2018

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Bangkok Dusit Medical Services Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries as at 31 March 2018, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements, and have also reviewed the separate financial information of Bangkok Dusit Medical Services Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Accounting Standard No. 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 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 Accounting Standard No. 34 Interim Financial Reporting.

Emphasis of matter

I draw attention to Note 10 to the financial statements, the Company and its subsidiary had the medical care programs with a small amount of charges to members who paid membership fees in advance for a lifelong membership. The Company and its subsidiary discontinued the programs due to legal reasons on 20 January 2017 and 2 February 2017, respectively. The Company and its subsidiary have recorded the liabilities in the financial statements as at 31 December 2016, based on the total amounts payable to the members and the compensation expected to be paid to the members in 2017 due to the discontinuation of the program, amounting to approximately Baht 964 million (approximately Baht 820 million in the separate financial statements). During 2017, 182 of 334 members whose compensation was recorded in the consolidated financial statements and 151 of 282 members in the separate financial statements have accepted the offers and already received the payment from the Company and its subsidiary. As at 31 March 2018, the liabilities from discontinuation of the lifelong membership for medical care program, based on the total amounts payable to the members and the compensation expected to be paid to the former members who have not accepted the offers, in the consolidated financial statements amounted to approximately Baht 438 million (approximately Baht 380 million in separate financial statements).

During 2017, some former members of the program filed complaints against the Company and its subsidiary with the courts and requesting that the Company and its subsidiary continue the programs while some of the other former members made claims for indemnity from the Company and its subsidiary.

Later in June to December 2017, the court issued orders for a temporary injunction to some of the former members who have filed complaints against the Company. The temporary injunction was for the Company to provide medical services to the former members at a normal rate and without any discount and also to allow the other former members to utilize their rights of the program until the court rules or orders otherwise. Furthermore, the court has ordered the former members who are under the temporary injunction to enter a contract with the court that they agreed to be held liable for the aforementioned bills to the Company, should the court issue a final judgment that the Company is entitled to cease such program. The Company keeps record of the debt owed to the Company for medical services rendered and shall not collect for such medical bills unless the court rules or orders otherwise.

In December 2017 and between January 2018 and April 2018, the Civil Court ruled on some of the cases between the former members and the Company and its subsidiary that the Company and its subsidiary are to continue complying with the terms of the programs. Between February and April 2018, the Civil Court then ruled on some of the other cases between the former members and the Company that the Company is to continue complying with the terms of the program and also for the Company to make indemnity payment should the Company could not comply with the terms of the program. Some of the other cases are still under the consideration of the Civil Court. Nonetheless, the legal advisor of the Company and its subsidiary opined that due to all known facts and the provisions of the law, the programs in dispute are deemed insurance contract, rendering the cessation of such program a lawful process. The legal advisor further viewed that there is a good chance of winning the case for the Company and its subsidiary's appeal. Therefore, the management, under the opinion of the Company and its subsidiary's legal advisor, proceed to utilise its legal right to file an appeal against the ruling of the Civil Court for all cases, for the Court of Appeal's consideration and ruling which shall serve as precedent of future legal processes. Since such cases are currently under the consideration of the Court of Appeal, the Company and its subsidiary could not yet assess the impacts of the ruling which is not yet definite nor final. The Company and its subsidiary keep record of the debt owed to the Company and its subsidiary for medical services rendered and shall not collect for such medical bills unless the court rules.

My conclusion is not qualified in respect of the above matter.

Wichart Lokatekrawee

Certified Public Accountant (Thailand) No. 4451

EY Office Limited

Bangkok: 14 May 2018