

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries
Notes to consolidated interim financial statements
For the three-month periods ended 31 March 2022

1. General information

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard 34 “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income, 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 interim financial statements.

1.2 Basis of consolidation

These interim consolidated financial statements include the financial statements of Bangkok Dusit Medical Services Public Company Limited and its subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2021. There are no changes in the structure of the subsidiaries during the current period.

1.3 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 December 2021.

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.

2. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Trade receivables - related parties	10,259	7,968	20,436	23,480
Trade receivables - unrelated parties - net	10,409,079	8,574,105	1,026,817	796,644
Other receivables - related parties	958	783	177,290	160,753
Other receivables - unrelated parties	304,119	266,333	45,983	46,053
Prepaid expenses	301,437	281,564	46,907	44,347
Total trade and other receivables - net	11,025,852	9,130,753	1,317,433	1,071,277

As at 31 March 2022 and 31 December 2021, the aging analysis of the outstanding trade receivables is as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
<u>Related parties</u>				
Undue	5,717	4,277	12,702	13,695
Not over than 3 months	4,508	3,674	7,607	8,560
3 - 6 months	34	17	127	1,225
Total trade receivables - related parties	10,259	7,968	20,436	23,480
<u>Unrelated parties</u>				
Undue	4,677,332	4,055,387	520,309	443,661
Not over than 3 months	4,132,439	3,560,561	410,944	280,689
3 - 6 months	1,119,827	866,261	84,856	88,389
6 - 12 months	647,947	249,622	69,771	28,650
Over 12 months	394,904	374,023	80,702	79,295
Total trade receivables - unrelated parties	10,972,449	9,105,854	1,166,582	920,684
Less: Allowance for expected credit losses	(563,370)	(531,749)	(139,765)	(124,040)
Total trade receivables - unrelated parties - net	10,409,079	8,574,105	1,026,817	796,644
Total trade receivables - net	10,419,338	8,582,073	1,047,253	820,124

3. Related party transactions

During the period, the Group had significant business transactions with individuals or related parties, which have been concluded on commercial terms and bases agreed upon between the Company and those related parties. There were no significant changes in the transfer pricing policy of transactions with related parties during the current period.

The significant intercompany transactions are as follows:

	(Unit: Million Baht)			
	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Associates</u>				
Revenue from hospital operations and laboratory services	2.2	0.5	-	-
Revenues from sales and other income	0.4	0.9	-	-
Costs of goods and services	3.4	1.4	0.1	-
<u>Subsidiaries</u>				
Revenue from hospital operations and laboratory services	-	-	44.6	46.2
Consulting and management fee income	-	-	287.4	194.3
Finance income	-	-	26.8	30.9
Dividend income	-	-	2,104.2	2,520.0
Other income	-	-	28.3	22.0
Costs of goods and services	-	-	246.0	180.4
Consulting and management fee expenses	-	-	60.5	55.1
Other expenses	-	-	7.9	9.2
Finance costs	-	-	10.3	11.1
<u>Individuals or related companies</u>				
Revenue from hospital operations and laboratory services	13.4	7.5	5.2	1.7
Revenues from sales and other income	3.4	3.1	2.3	2.6
Costs of goods and services	37.4	25.6	35.6	20.7
Consulting and management fee expenses	0.8	0.1	-	-
Other expenses	15.2	17.8	9.9	8.7

(Unaudited but reviewed)

The outstanding balances of the above transactions as at 31 March 2022 and 31 December 2021 have been separately shown in the statement of financial position as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
31 March	31 December	31 March	31 December	
2022	2021	2022	2021	
<u>Trade receivables - related parties (Note 2)</u>				
Associates	1,895	1,118	-	-
Subsidiaries	-	-	17,885	20,894
Related companies	8,364	6,850	2,551	2,586
Total trade receivables - related parties	10,259	7,968	20,436	23,480
<u>Other receivables - related parties (Note 2)</u>				
Consulting and management fee receivable				
Subsidiaries	-	-	108,711	98,039
Total	-	-	108,711	98,039
Accrued interest income and others				
Subsidiaries	-	-	67,957	62,114
Related companies	958	783	622	600
Total	958	783	68,579	62,714
Total other receivables - related parties	958	783	177,290	160,753
<u>Accrued dividend income- related parties</u>				
An associate	8,498	-	-	-
Subsidiaries	-	-	2,104,186	574,584
Total	8,498	-	2,104,186	574,584
<u>Other non-current assets - related parties</u>				
Subsidiaries	-	-	9,496	9,515
A related company	4,083	4,083	-	-
Total other non-current assets - related parties	4,083	4,083	9,496	9,515

(Unaudited but reviewed)

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
<u>Trade payables - related parties</u>				
Associates	3,228	4,586	136	111
Subsidiaries	-	-	110,589	103,776
Related companies	11,186	10,830	9,810	9,884
Total trade payables - related parties	14,414	15,416	120,535	113,771
<u>Other payables - related parties</u>				
An associate	1	-	-	-
Subsidiaries	-	-	59,819	77,379
Related companies	6,440	5,036	6,245	4,208
Total other payables - related parties	6,441	5,036	66,064	81,587
<u>Accrued interest expenses - related parties</u>				
(included in accrued expenses)				
Subsidiaries	-	-	3,701	3,323
Total accrued interest expenses - related parties	-	-	3,701	3,323
<u>Liabilities under lease agreements - related parties</u>				
A subsidiary	-	-	409,204	547,215
Related companies	41,219	44,135	15,209	16,468
Total liabilities under lease agreements - related parties	41,219	44,135	424,413	563,683
<u>Other non-current liabilities - related parties</u>				
Subsidiaries	-	-	14,114	14,032
Related companies	1,258	1,295	971	971
Total other non-current liabilities - related parties	1,258	1,295	15,085	15,003

(Unaudited but reviewed)

Movement of loans to and loans from subsidiaries during the period were summarised as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	31 December		31 March	
	2021	Increase	Decrease	2022
Short-term loans to subsidiaries	3,082,685	53,670	(362,731)	2,773,624
Long-term loans to subsidiaries	641,429	-	(31,896)	609,533
Short-term loans from subsidiaries	14,548,579	2,610,867	(273,381)	16,886,065

Short-term and long-term loans to subsidiaries and short-term loans from subsidiaries

The Company has entered into agreements to provide short-term loans and long-term loans with terms of 3 - 8 years to subsidiaries. The loans bear interest at MLR minus fixed rate per annum and LIBOR plus fixed rate per annum and fixed rate as stipulated in the agreement. The interest is payable on a monthly basis while principal is repayable on the basis as stipulated in the agreements.

The Company has entered into short-term loans agreements from its subsidiaries. The loans bear interest at fixed deposit rate. The interest is payable on a monthly basis while principal is repayable on the basis as stipulated in the agreements.

Guarantee obligations with subsidiaries

As at 31 March 2022, the Company has guaranteed overdraft facility amounting to USD 2 million (31 December 2021: USD 2 million) for overseas subsidiaries.

Directors and management's benefits

During the periods, directors and management's benefit of the Group are as below.

(Unit: Million Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	37.6	39.4	28.8	27.9
Post-employment benefits	1.3	1.1	1.3	1.1
Total	<u>38.9</u>	<u>40.5</u>	<u>30.2</u>	<u>29.0</u>

(Unaudited but reviewed)

Apart from short-term employee benefits, executive management also receives medical benefits according to the Company policy, the same with employees of the Company. External Directors, referring to directors who are not an employee or management according to the employment agreement, receive a medical fee budget of Baht 3 million per person per year to be used only for medical fees at Bangkok Hospital and hospitals within the Group.

4. Other non-current financial assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2022	2021	2022	2021
Investments in equity instruments (measured at fair value through other comprehensive income)	588,493	530,978	214,335	206,079
Investments in debt instruments (measured at amortised cost)	19,937	25,937	-	-
Derivatives assets - Interest rate swap contract (Note 11)	74,205	111,849	74,205	111,849
Total other non-current financial assets	<u>682,635</u>	<u>668,764</u>	<u>288,540</u>	<u>317,928</u>

5. Investments in associates

Details of share of profit from the associates

(Unit: Thousand Baht)

Company's name	Consolidated	
	financial statements	
	Share of profit (loss) from investments in associates during the three-month periods ended	
	31 March	31 March
	2022	2021
<u>Associates held by the Company</u>		
Cool & Joy Co., Ltd.	(7)	-
Udon Patana (1994) Co., Ltd. (held by the Company at 15.26% and indirectly held by a subsidiary at 9.85%)	(7,231)	(10,751)

(Unaudited but reviewed)

Company's name	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	Share of profit (loss) from investments in associates during the three-month periods ended	
	31 March 2022	31 March 2021
<u>Associates held by the subsidiaries</u>		
General Hospital Products Public Co., Ltd.	16,065	13,627
N Health Novogene Genomics Co.,Ltd. (previously known as "Novogene N Health (Thailand) Co., Ltd.")	-	-
Al Ghaith Bangkok Dusit Management Services LLC.	-	-
Total	<u>8,827</u>	<u>2,876</u>

Cool & Joy Co., Ltd

During the first quarter of 2022, Cool & Joy Co., Ltd. liquidated and returned capital of Baht 0.9 million to the Company.

6. Investments in subsidiaries

During the first quarter of 2022, there are additional investments in subsidiaries as follows:

Company's name	Additional investments (Million Baht)	% Shareholding	
		31 March 2022	31 December 2021
Prasit Patana Public Co., Ltd.	0.1	98.62	98.62
Bangkok Phuket Hospital Co., Ltd.	0.3	99.72	99.70

(Unaudited but reviewed)

7. Property, premises and equipment

Movement of the property, premises and equipment during the three-month period ended 31 March 2022 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2021	79,689,146	13,254,632
Purchase	1,136,144	63,874
Transfer out	(2,661)	-
Disposals and write-off	(9,165)	(523)
Depreciation for the period	(1,304,678)	(240,165)
Reversal of allowance for impairment	3,541	-
Translation adjustment	(6,133)	-
Net book value as at 31 March 2022	<u>79,506,194</u>	<u>13,077,818</u>

8. Right-of-use assets

Movements of right-of-use assets during the three-month period ended 31 March 2022 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2021	2,862,017	1,187,529
Increase	58,900	5,218
Decrease	(3,715)	-
Depreciation for the period	(108,131)	(52,284)
Net book value as at 31 March 2022	<u>2,809,071</u>	<u>1,140,463</u>

9. Short-term credit

Undrawn down credit facilities

As at 31 March 2022, undrawn down credit facilities from financial institutions are as follows;

	Consolidated financial statements	Separate financial statements
Thai Baht	Baht 22,055 million	Baht 21,569 million
US Dollar	USD 2 million	-

10. Long-term loan from financial institution

As at 31 March 2022, a long-term loan from a financial institution of Baht 1,000 million (31 December 2021: Baht 1,000 million) bears interest at a fixed rate, and a bullet repayment is to be made in May 2024. The loan agreement contains certain covenants which, among other things, require the Company to maintain financial ratio.

11. Debentures

Movements of debentures net from debenture expenses and amortisation of expenses during the three-month period ended 31 March 2022 are summarised below.

	(Unit: Thousand Baht)
	Consolidated/ Separate financial statements
Balance as at 31 December 2021	14,596,013
Amortisation of debenture expenses during the period	456
Less: Redemption of debentures during the period	<u>(2,500,000)</u>
Balance as at 31 March 2022	12,096,469
Less: Current portion of debentures	<u>(4,599,490)</u>
Debentures	<u><u>7,496,979</u></u>

The Company has entered into an interest rate swap contract with a financial institution for BDMS256A by converting the fixed coupon rate per annum to the floating interest rate plus spread per annum.

Debenture agreement contains certain covenants which the Company must comply with such as financial ratios, payment of dividend, assets dispositions, etc.

12. Earnings per share

Basic earnings per share is determined by dividing profit for the period attributable to owner of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

13. Commitments and contingent liabilities

(Unit: Million Baht)

	As at 31 March 2022					
	Consolidated			Separate		
	financial statements			financial statements		
Within 1 year	1 - 5 years	Over 5 years	Within 1 year	1 - 5 years	Over 5 years	
Contractual commitments						
- the office equipment rental and other service contracts	697	164	36	249	6	-
- the medical equipment provision and maintenance contracts	313	82	14	-	-	-
- the building construction and decoration contracts	612	3	-	202	-	-
- the land purchase and sale contract	60	-	-	-	-	-
Total	1,682	249	50	451	6	-

Contingent liabilities

As at 31 March 2022, the Group had outstanding bank guarantees issued by the banks on behalf of the Group of approximately Baht 510 million and of the Company of Baht 146 million in respect of certain performance bonds as required in the normal course of business, such as facility usage and contractual performance.

14. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the executive committee.

The Group has two reportable segments that are hospital operations and other businesses that support hospital business including medical laboratories, medicine production, saline production and pharmacies, assets management for healthcare business, distribution cosmetic goods, accounting services, technology and information service, training business and insurance broker. These two segments have similar economic characteristics. They both have common customer group, similar service provision methods and similar management.

In addition, the operations of the Group are carried on in the geographical areas of Thailand and overseas.

As hospital operation is the main business segment and the segment information that has been considered based on a quantitative basis is over 90 percent of the total population both operational and geographical areas. 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 areas.

For the three-month periods ended 31 March 2022 and 2021, the Group has no major customer with revenue of 10 percent or more of its revenues.

15. Financial instruments

15.1 Fair value of financial instrument

Since the majority of the Group financial instruments are classified as short-term or bear floating interest rates or fixed interest rates which are close to market rate, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

15.2 Fair value hierarchy

As at 31 March 2022, the Group had the financial assets and liabilities that were measured at fair value which using different levels of inputs as follows.

	(Unit: Million Baht)			
	As at 31 March 2022			
	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Other current financial assets				
- Investments in mutual funds				
(measured at fair value through profit or loss)	-	510	-	510
Other non-current financial assets				
- Derivatives assets - Interest rate swap contract	-	74	-	74
- Investments in equity instruments				
(measured at fair value through other comprehensive income)	398	-	190	588

(Unaudited but reviewed)

(Unit: Million Baht)

	As at 31 March 2022			
	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Other non-current financial assets				
- Derivatives assets - Interest rate swap contract	-	74	-	74
- Investments in equity instruments (measured at fair value through other comprehensive income)	188	-	26	214

16. Events after the reporting period

16.1 Establishment a new subsidiary

The Company will establish a new subsidiary, registered capital of Baht 200 million, to operate pharmacy business. Shareholding structure is as follows.

- Royal Bangkok Healthcare Co., Ltd., which is a 100% subsidiary of the Company, holds 60% of shares, amounting to Baht 120 million.
- A subsidiary of Com7 Public Company Limited holds 40% of shares, amounting to Baht 80 million.

16.2 Dividend payment

On 12 April 2022, the 2022 Annual General Meeting of the Company's shareholders has approved a dividend payment for ordinary shares at Baht 0.45 per share, totaling of Baht 7,151 million. The interim dividend was paid at Baht 0.25 per share, totaling of Baht 3,973 million in October 2021. Moreover, on 29 April 2022, the additional dividend payment was paid at Baht 0.20 per share, totaling of Baht 3,178 million.

17. Approval of financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 11 May 2022.