

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries
Notes to consolidated interim financial statements
For the three-month periods ended 31 March 2023

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 2022. There have been changes in the structure of the subsidiaries during the current period as discussed in Note 6 to the financial statements.

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 2022.

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.

2. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Trade receivables - related parties	5,406	6,737	34,641	28,981
Trade receivables - unrelated parties - net	9,876,257	9,969,352	1,565,384	1,247,674
Other receivables - related parties	2,326	2,368	260,815	205,971
Other receivables - unrelated parties - net	319,718	268,037	28,858	22,751
Prepaid expenses	324,102	237,959	76,985	33,131
Total trade and other receivables - net	<u>10,527,809</u>	<u>10,484,453</u>	<u>1,966,683</u>	<u>1,538,508</u>

As at 31 March 2023 and 31 December 2022, the aging analysis of the outstanding trade receivables is as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
<u>Related parties</u>				
Undue	2,731	3,888	23,767	20,853
Not over than 3 months	2,050	2,667	10,689	8,007
3 - 6 months	624	181	149	47
6 -12 months	-	1	36	74
Over 12 months	1	-	-	-
Total trade receivables - related parties	<u>5,406</u>	<u>6,737</u>	<u>34,641</u>	<u>28,981</u>
<u>Unrelated parties</u>				
Undue	4,831,801	4,643,746	706,142	574,893
Not over than 3 months	3,327,406	3,576,060	614,475	550,217
3 - 6 months	944,437	1,034,658	230,801	104,362
6 - 12 months	682,659	700,561	39,063	59,627
Over 12 months	703,935	567,244	126,194	92,009
Total trade receivables - unrelated parties	<u>10,490,238</u>	<u>10,522,269</u>	<u>1,716,675</u>	<u>1,381,108</u>
Less: Allowance for expected credit losses	<u>(613,981)</u>	<u>(552,917)</u>	<u>(151,291)</u>	<u>(133,434)</u>
Total trade receivables - unrelated parties - net	<u>9,876,257</u>	<u>9,969,352</u>	<u>1,565,384</u>	<u>1,247,674</u>
Total trade receivables - net	<u><u>9,881,663</u></u>	<u><u>9,976,089</u></u>	<u><u>1,600,025</u></u>	<u><u>1,276,655</u></u>

3. Related party transactions

During the periods, 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	
	2023	2022	2023	2022
<u>Associates</u>				
Revenue from hospital operations and laboratory services	0.1	2.2	-	-
Revenues from sales and other income	1.1	0.4	-	-
Costs of goods and services	5.3	3.4	0.3	0.1
<u>Subsidiaries</u>				
Revenue from hospital operations and laboratory services	-	-	54.3	44.6
Consulting and management fee income	-	-	300.9	287.4
Finance income	-	-	28.9	26.8
Dividend income	-	-	4,170.0	2,104.2
Other income	-	-	69.8	28.3
Costs of goods and services	-	-	334.6	246.0
Consulting and management fee expenses	-	-	64.7	60.5
Other expenses	-	-	12.0	7.9
Finance costs	-	-	25.8	10.3
<u>Individuals or related companies</u>				
Revenue from hospital operations and laboratory services	1.3	13.4	0.9	5.2
Other income	5.1	3.4	3.9	2.3
Costs of goods and services	38.7	37.4	35.2	35.6
Consulting and management fee expenses	0.8	0.8	-	-
Other expenses	26.6	15.2	15.9	9.9

The outstanding balances of the above transactions as at 31 March 2023 and 31 December 2022 have been separately shown in the statement of financial position as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
<u>Trade receivables - related parties (Note 2)</u>				
Associates	1,338	1,921	-	-
Subsidiaries	-	-	34,051	28,596
Related companies	4,068	4,816	590	385
Total trade receivables - related parties	5,406	6,737	34,641	28,981
<u>Other receivables - related parties (Note 2)</u>				
Consulting and management fee receivable				
Subsidiaries	-	-	120,342	100,116
Total	-	-	120,342	100,116
Accrued interest income and others				
Subsidiaries	-	-	139,505	104,876
Related companies	2,326	2,368	968	979
Total	2,326	2,368	140,473	105,855
Total other receivables - related parties	2,326	2,368	260,815	205,971
<u>Dividend Receivable- related parties</u>				
An associate	14,163	-	-	-
Subsidiaries	-	-	4,170,068	-
Total	14,163	-	4,170,068	-
<u>Other non-current assets - related parties</u>				
Subsidiaries	-	-	9,419	9,439
Related companies	8,704	4,101	-	-
Total other non-current assets - related parties	8,704	4,101	9,419	9,439

(Unaudited but reviewed)

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2023	2022	2023	2022
<u>Trade payables - related parties</u>				
Associates	5,235	4,211	328	318
Subsidiaries	-	-	104,352	91,722
Related companies	10,180	10,768	8,392	9,090
Total trade payables - related parties	15,415	14,979	113,072	101,130
<u>Other payables - related parties</u>				
Subsidiaries	-	-	96,408	124,288
Related companies	6,450	2,785	5,912	4,439
Total other payables - related parties	6,450	2,785	102,320	128,727
<u>Accrued interest expenses - related parties</u>				
Subsidiaries	-	-	10,270	5,949
Total accrued interest expenses - related parties	-	-	10,270	5,949
<u>Liabilities under lease agreements - related parties</u>				
A subsidiary	-	-	206,795	206,395
Related companies	61,320	32,898	15,327	11,945
Total liabilities under lease agreements - related parties	61,320	32,898	222,122	218,340
<u>Other non-current liabilities - related parties</u>				
Subsidiaries	-	-	12,897	12,884
Related companies	1,229	1,229	942	942
Total other non-current liabilities - related parties	1,229	1,229	13,839	13,826

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

(Unit: Thousand Baht)

	Separate financial statements			
	31 December		31 March	
	2022	Increase	Decrease	2023
Short-term loans to subsidiaries	2,567,990	241,616	(349,912)	2,459,694
Long-term loans to subsidiaries	522,076	-	(23,756)	498,320
Short-term loans from subsidiaries	15,004,852	2,889,286	(228,460)	17,665,678

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 2023, the Company has guaranteed overdraft facility amounting to USD 2 million (31 December 2022: 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	
	2023	2022	2023	2022
Short-term employee benefits	48.0	37.6	31.1	28.8
Post-employment benefits	0.4	1.3	0.4	1.3
Total	48.4	38.9	31.5	30.1

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

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	31 March	31 December	31 March	31 December
	2023	2022	2023	2022
Investments in equity instruments (measured at fair value through other comprehensive income)	997,118	970,229	823,641	796,670
Investments in debt instruments (measured at amortised cost)	42,977	46,978	-	-
Derivatives assets - Interest rate swap contract (Note 10 and 14)	37,382	16,900	37,382	16,900
Total	1,077,477	1,034,107	861,023	813,570
Less: Current portion of investments in debt instruments	(15,000)	(16,000)	-	-
Total other non-current financial assets	1,062,477	1,018,107	861,023	813,570

5. Investments in associates

Details of share of profit (loss) from investments in associates

Company's name	(Unit: Thousand Baht) Consolidated financial statements	
	For the three-month periods ended	
	31 March 2023	31 March 2022
<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 9.86%)	21,236	(7,231)
<u>Associates held by the subsidiaries</u>		
General Hospital Products Public Co., Ltd.	12,977	16,065
Total	34,213	8,827

6. Investments in subsidiaries

During the period, the movements of investments in subsidiaries are as follows:

Additional investments in subsidiaries

Company's name	Additional investments (Million Baht)	% Shareholding of the Group	
		31 March	31 December
		2023	2022
Held by the Company			
Prasit Patana Public Co., Ltd.	0.3	98.63	98.63
Held by the subsidiaries			
Digital Health Venture Co., Ltd	100.0	100.00	100.00
Sriracha Nakorn General Hospital Public Co., Ltd.	5.8	77.51	77.44

Digital Health Venture Co., Ltd.

On 1 February 2023, the Board of Director Meeting No. 1/2023 of Digital Health Venture Co., Ltd. ,100% subsidiary of a subsidiary, call-up share capital of Baht 33.33 per share, totaling Baht 100 million. The subsidiary had already paid for the call-up share capital on 15 February 2023.

7. Property, premises and equipment

Movement of the property, premises and equipment during the three-month period ended 31 March 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2022	81,859,991	13,623,611
Purchase	1,383,740	143,335
Transfer in	25,770	60
Disposals and write-off	(4,400)	(69)
Depreciation for the period	(1,240,360)	(227,675)
Translation adjustment	(22,928)	-
Net book value as at 31 March 2023	<u>82,001,813</u>	<u>13,539,262</u>

8. Right-of-use assets

Movements of right-of-use assets during the three-month period ended 31 March 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2022	9,668,432	842,084
Increase	100,687	7,404
Lease modification	75,343	-
Transfer out	(26,506)	-
Decrease	(2,801)	-
Depreciation for the period	(100,352)	(35,989)
Net book value as at 31 March 2023	<u>9,714,803</u>	<u>813,499</u>

9. Short-term loan from financial institutions

9.1 Short-term loan from financial institution

As at 31 March 2023, the Company had outstanding balances of short-term loan from financial institution of Baht 3,000 million (31 December 2022: 500 million). The loan carries interest at a fixed rate payable in accordance with conditions as stipulated in the agreement. The short-term loan principal is due in June 2023 as specified in the agreement.

9.2 Undrawn down credit facilities

As at 31 March 2023, undrawn down credit facilities from financial institutions are as follows;

	Consolidated financial statements	Separate financial statements
Thai Baht	Baht 18,964 million	Baht 18,669 million
US Dollar	USD 2 million	-

10. Debentures

Movements of debentures net from debenture expenses and amortisation of expenses during the three-month period ended 31 March 2023 are summarised below.

	(Unit: Thousand Baht)
	Consolidated/ Separate financial statements
Balance as at 31 December 2022	11,497,657
Amortisation of debenture expenses during the period	354
Less: Redemption of debentures during the period	(4,000,000)
Balance as at 31 March 2023	7,498,011
Less: Current portion of debentures	(2,499,774)
Debentures	<u>4,998,237</u>

The Company has entered into the 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.

11. 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.

12. Commitments and contingent liabilities

(Unit: Million Baht)

	As at 31 March 2023				
	Consolidated			Separate	
	financial statements			financial statements	
	Within 1 year	1 - 5 years	Over 5 years	Within 1 year	1 - 5 years
Contractual commitments					
- the office equipment rental and other service contracts	518	462	31	172	2
- the medical equipment maintenance contracts	293	144	4	-	-
- the building construction and improvement contracts	1,260	-	-	110	-
Total	2,071	606	35	282	2

Contingent liabilities

As at 31 March 2023, the Group had outstanding bank guarantees of approximately Baht 466 million and the Company's of Baht 42 million issued by the bank on behalf of the Group in respect of certain performance bonds as required in the normal course of business, such as facility usage and contractual performance.

13. 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 such as medical laboratories, production and distribution of pharmaceutical products/medical equipment/saline, pharmacies, assets management for healthcare business, accounting services, technology and information services, 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 2023 and 2022, the Group has no major customer with revenue of 10 percent or more of its revenues.

14. Financial instruments

14.1 Fair value of financial instruments

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.

14.2 Fair value hierarchy

As at 31 March 2023, 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 2023				
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)	-	512	-	512
Other non-current financial assets				
- Investments in equity instruments				
(measured at fair value through other comprehensive income)	797	-	200	997
- Derivatives liabilities - interest rate swap contract	-	37	-	37

(Unaudited but reviewed)

(Unit: Million Baht)

	As at 31 March 2023			
	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Other non-current financial assets				
- Investments in equity instruments				
(measured at fair value through other comprehensive income)	797	-	27	824
- Derivatives liabilities - interest rate swap contract	-	37	-	37

15. Event after the reporting period

On 7 April 2023, the 2023 Annual General Meeting of the Company's shareholders has approved a dividend payment for ordinary shares at Baht 0.60 per share, totaling of Baht 9,535.2 million. The interim dividend was paid at Baht 0.30 per share, totaling of Baht 4,767.6 million in September 2022. The remaining dividend payment was paid on 24 April 2023 at Baht 0.30 per share, totaling of Baht 4,767.6 million.

16. Approval of financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 11 May 2023.