

Bangkok Dusit Medical Services Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month and nine-month periods ended 30 September 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.

1.4 New 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.

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. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Trade receivables - related parties	5,120	6,737	34,428	28,981
Trade receivables - unrelated parties - net	10,516,909	9,969,352	1,755,653	1,247,674
Other receivables - related parties	2,687	2,368	247,916	205,971
Other receivables - unrelated parties - net	415,480	268,037	59,578	22,751
Prepaid expenses	274,132	237,959	37,946	33,131
Total trade and other receivables - net	<u>11,214,328</u>	<u>10,484,453</u>	<u>2,135,521</u>	<u>1,538,508</u>

As at 30 September 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	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
<u>Related parties</u>				
Undue	3,375	3,888	19,409	20,853
Not over 3 months	1,447	2,667	14,551	8,007
3 - 6 months	298	181	208	47
6 -12 months	-	1	260	74
Total trade receivables - related parties	<u>5,120</u>	<u>6,737</u>	<u>34,428</u>	<u>28,981</u>

(Unaudited but reviewed)

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
<u>Unrelated parties</u>				
Undue	5,809,265	4,643,746	722,021	574,893
Not over 3 months	3,083,136	3,576,060	603,318	550,217
3 - 6 months	778,126	1,034,658	282,226	104,362
6 - 12 months	626,991	700,561	166,101	59,627
Over 12 months	795,143	567,244	94,074	92,009
Total trade receivables - unrelated parties	11,092,661	10,522,269	1,867,740	1,381,108
Less: Allowance for expected credit losses	(575,752)	(552,917)	(112,087)	(133,434)
Total trade receivables - unrelated parties - net	10,516,909	9,969,352	1,755,653	1,247,674
Total trade receivables - net	10,522,029	9,976,089	1,790,081	1,276,655

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 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
<u>Associates</u>				
Revenue from hospital operations and laboratory services	0.1	1.3	-	-
Revenues from sales and other income	0.7	1.2	-	-
Costs of goods and services	5.1	4.5	0.5	0.3

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
<u>Subsidiaries</u>				
Revenue from hospital operations and laboratory services	-	-	51.8	44.1
Consulting and management fee income	-	-	333.1	285.8
Finance income	-	-	24.7	25.3
Other income	-	-	42.7	28.9
Costs of goods and services	-	-	226.4	240.3
Consulting and management fee expenses	-	-	64.8	62.0
Other expenses	-	-	25.3	16.0
Finance costs	-	-	48.8	8.5
<u>Individuals or related companies</u>				
Revenue from hospital operations and laboratory services	9.6	9.3	1.3	1.5
Other income	5.4	5.0	4.1	3.5
Costs of goods and services	41.3	39.5	37.2	37.4
Consulting and management fee expenses	0.8	0.8	-	-
Other expenses	27.4	21.1	17.5	13.2

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
<u>Associates</u>				
Revenues from hospital operations and laboratory services	0.4	5.8	-	-
Revenues from sales and other income	3.3	2.2	-	-
Costs of goods and services	14.4	13.1	1.2	0.5
<u>Subsidiaries</u>				
Revenues from hospital operations and laboratory services	-	-	161.8	141.1
Consulting and management fee income	-	-	931.2	837.5
Finance income	-	-	84.0	77.7
Dividend income	-	-	8,084.3	5,751.9
Other income	-	-	120.0	85.5
Costs of goods and services	-	-	646.2	720.5
Consulting and management fee expenses	-	-	193.9	183.8
Other expenses	-	-	51.9	31.7
Finance costs	-	-	109.1	27.0

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
<u>Individuals or related companies</u>				
Revenues from hospital operations and laboratory services	28.9	33.8	4.6	10.1
Other income	15.9	13.4	12.2	9.6
Costs of goods and services	120.3	111.9	109.1	105.2
Consulting and management fee expenses	2.3	2.3	-	-
Other expenses	80.4	53.9	53.8	33.4

The outstanding balances of the above transactions as at 30 September 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	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
<u>Trade receivables - related parties (Note 2)</u>				
Associates	1,009	1,921	-	-
Subsidiaries	-	-	33,850	28,596
Related companies	4,111	4,816	578	385
Total trade receivables - related parties	5,120	6,737	34,428	28,981
<u>Other receivables - related parties (Note 2)</u>				
Consulting and management fee receivable				
Subsidiaries	-	-	138,516	100,116
Total	-	-	138,516	100,116
Accrued interest income and others				
Subsidiaries	-	-	107,837	104,876
Related companies	2,687	2,368	1,563	979
Total	2,687	2,368	109,400	105,855
Total other receivables - related parties	2,687	2,368	247,916	205,971
<u>Other non-current assets - related parties</u>				
Subsidiaries	-	-	9,381	9,439
Related companies	4,704	4,101	-	-
Total other non-current assets - related parties	4,704	4,101	9,381	9,439

(Unaudited but reviewed)

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2023	2022	2023	2022
<u>Trade payables - related parties</u>				
Associates	5,439	4,211	506	318
Subsidiaries	-	-	108,432	91,722
Related companies	15,426	10,768	12,065	9,090
Total trade payables - related parties	20,865	14,979	121,003	101,130
<u>Other payables - related parties</u>				
Subsidiaries	-	-	62,252	124,288
Related companies	7,428	2,785	6,204	4,439
Total other payables - related parties	7,428	2,785	68,456	128,727
<u>Accrued interest expenses - related parties</u>				
Subsidiaries	-	-	16,302	5,949
Total accrued interest expenses - related parties	-	-	16,302	5,949
<u>Liabilities under lease agreements - related parties</u>				
A subsidiary	-	-	137,995	206,395
Related companies	54,400	32,898	12,110	11,945
Total liabilities under lease agreements - related parties	54,400	32,898	150,105	218,340
<u>Other non-current liabilities - related parties</u>				
Subsidiaries	-	-	13,212	12,884
Related companies	1,465	1,229	1,177	942
Total other non-current liabilities - related parties	1,465	1,229	14,389	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			30 September
	2022	Increase	Decrease	2023
Short-term loans to subsidiaries	2,567,990	492,503	(1,380,189)	1,680,304
Long-term loans to subsidiaries	522,076	5,509	(67,500)	460,085
Short-term loans from subsidiaries	15,004,852	7,320,417	(2,583,674)	19,741,595

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 SOFR 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 30 September 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 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Short-term employee benefits	38.8	38.2	38.5	36.0
Post-employment benefits	0.4	1.3	0.4	1.3
Total	39.2	39.5	38.9	37.3

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Short-term employee benefits	221.9	196.2	192.6	169.1
Post-employment benefits	1.2	3.9	1.2	3.9
Total	223.1	200.1	193.8	173.0

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	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Investments in equity instruments (measured at fair value through other comprehensive income)	977,574	970,229	754,097	796,670
Investments in debt instruments (measured at amortised cost)	46,968	46,978	-	-
Derivatives assets - Interest rate swap contract (Note 11 and 16)	8,621	16,900	8,621	16,900
Total	1,033,163	1,034,107	762,718	813,570
Less: Current portion of investments in debt instruments	(19,000)	(16,000)	-	-
Total other non-current financial assets	1,014,163	1,018,107	762,718	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 nine-month periods ended	
	30 September 2023	30 September 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%)	21,237	(7,231)
<u>Associates held by the subsidiaries</u>		
General Hospital Products Public Co., Ltd.	46,513	38,682
Total	67,750	31,444

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	
		30 September	31 December
		2023	2022
Held by the Company			
Bangkok Hospital Chiangrai Co., Ltd..	400.0	100.0	100.0
Bangkok Hospital Udon Co., Ltd.	400.0	100.0	100.0
BDMS Wellness Resort Co., Ltd.	400.0	100.0	100.0
Prasit Patana Public Co., Ltd.	0.5	98.63	98.63
Held by the subsidiaries			
Digital Health Venture Co., Ltd.	100.0	98.85	98.85
DrPharma Health Technology Co., Ltd.	60.0	60.00	60.00
Samawat Health Co., Ltd.	54.0	59.31	59.31
Sriracha Nakorn General Hospital Public Co., Ltd.	8.9	77.54	77.44
Samitivej Sriracha Co., Ltd.	0.6	69.68	69.66

6.1 Investments in subsidiaries by the Company

Bangkok Hospital Chiangrai Co., Ltd.

On 10 July 2023, the Extraordinary General Meeting No.1/2023 of shareholders of Bangkok Hospital Chiangrai Co., Ltd., 100% subsidiary, approved to increase the share capital from Baht 600 million to Baht 1,000 million through the increase in capital of 40 million additional ordinary shares with a par value of Baht 10 each. The Company already acquired all of the newly issued ordinary shares and paid for the call paid-up capital totaling Baht 400 million.

Bangkok Hospital Udon Co., Ltd.

On 10 July 2023, the Extraordinary General Meeting No.1/2023 of shareholders of Bangkok Hospital Udon Co., Ltd., 100% subsidiary, approved to increase the share capital from Baht 800 million to Baht 1,200 million through the increase in capital of 40 million additional ordinary shares with a par value of Baht 10 each. The Company already acquired all of the newly issued ordinary shares and paid for the call paid-up capital totaling Baht 400 million.

BDMS Wellness Resort Co., Ltd.

On 11 August 2023, the Extraordinary General Meeting No.1/2023 of shareholders of BDMS Wellness Resort Co., Ltd., 100% subsidiary, approved to increase the share capital from Baht 600 million to Baht 1,000 million through the increase in capital of 40 million additional ordinary shares with a par value of Baht 10 each. The Company already acquired all of the newly issued ordinary shares and paid for the call paid-up capital totaling Baht 400 million.

6.2 Investments in subsidiaries by subsidiaries

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.

DrPharma Health Technology Co., Ltd.

On 25 July 2023, the Board of Director Meeting No. 4/2023 of DrPharma Health Technology Co., Ltd., 60% subsidiary of a subsidiary, call-up share capital of Baht 50 per share, totaling Baht 60 million. The subsidiary had already paid for the call-up share capital on 31 July 2023.

Samawat Health Co., Ltd.

On 24 July 2023, the Extraordinary General Meeting No.1/2023 of shareholders of Samawat Health Co., Ltd., 60% subsidiary of a subsidiary, approved to increase the share capital from Baht 50 million to Baht 140 million through the increase in capital of 0.9 million additional ordinary shares with a par value of Baht 100 each. The Company already acquired all of the newly issued ordinary shares and paid for the call paid-up capital totaling Baht 54 million.

7. Property, premises and equipment

Movement of the property, premises and equipment during the nine-month period ended 30 September 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	5,685,008	706,231
Transfer in	84,891	8,592
Disposals and write-off	(22,775)	(3,381)
Depreciation for the period	(3,775,979)	(692,708)
Translation adjustment	88,083	-
Net book value as at 30 September 2023	<u>83,919,219</u>	<u>13,642,345</u>

8. Right-of-use assets

Movements of right-of-use assets during the nine-month period ended 30 September 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	168,797	25,662
Lease modification	682,769	37,619
Transfer out	(80,400)	-
Decrease	(4,678)	-
Depreciation for the period	(294,353)	(110,054)
Net book value as at 30 September 2023	<u>10,140,567</u>	<u>795,311</u>

9. Short-term loans from financial institutions**9.1 Short-term loans from financial institutions**

As at 30 September 2023, the Company had outstanding balances of short-term loans from financial institutions in the form of promissory notes of Baht 2,000 million (31 December 2022: Baht 500 million). The loans carry interest at a fixed rate payable in accordance with conditions as stipulated in the agreement. The short-term loan principals are due in November 2023 as specified in the agreement.

9.2 Undrawn down credit facilities

As at 30 September 2023, undrawn down credit facilities from financial institutions are as follows;

	Consolidated financial statements	Separate financial statements
Thai Baht	Baht 19,971 million	Baht 19,676 million
US Dollar	USD 2 million	-

10. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements
Balance as at 31 December 2022	4,000,000
Balance as at 30 September 2023	4,000,000
Less: Current portion	(1,000,000)
Long-term loans from financial institutions	3,000,000

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 nine-month period ended 30 September 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	806
Less: Redemption of debentures during the period	(5,000,000)
Balance as at 30 September 2023	6,498,463
Less: Current portion of debentures	(1,499,913)
Debentures	4,998,550

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.

12. Dividend paid

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2021	Annual General Meeting of the shareholders on 12 April 2022	3,178	0.20
Interim dividends for 2022	Board of Directors' meeting on 31 August 2022	4,768	0.30
Total dividend during the nine-month period ended 30 September 2022		7,946	0.50

(Unaudited but reviewed)

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2022	Annual General Meeting of the shareholders on 7 April 2023	4,768	0.30
Interim dividends for 2023	Board of Directors' meeting on 30 August 2023	5,561	0.35
Total dividend during the nine-month period ended 30 September 2023		10,329	0.65

13. 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.

14. Commitments and contingent liabilities

(Unit: Million Baht)

	As at 30 September 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	558	489	29	60	1
- the medical equipment maintenance contracts	288	99	4	-	-
- the building construction and improvement contracts	1,509	54	-	151	-
Total	2,355	642	33	211	1

Contingent liabilities

As at 30 September 2023, the Group had outstanding bank guarantees of approximately Baht 469 million and the Company's of Baht 34 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.

15. 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 nine-month periods ended 30 September 2023 and 2022, the Group has no major customer with revenue of 10 percent or more of its revenues.

16. Financial instruments

16.1 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.

16.2 Fair value hierarchy

As at 30 September 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 30 September 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)	-	572	-	572
Other non-current financial assets				
- Investments in equity instruments				
(measured at fair value through other comprehensive income)	728	-	250	978
- Derivatives liabilities - interest rate swap contract	-	9	-	9

(Unit: Million Baht)

	As at 30 September 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)	728	-	26	754
- Derivatives liabilities - interest rate swap contract	-	9	-	9

17. Approval of financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 13 November 2023.