

No. BIZ 004/2017

February 23, 2017

Subject: Management Discussion and Analysis for the year 2016 ended 31 December 2016

To: The President
The Stock Exchange of Thailand

Business Alignment Public Company Limited (“The company”) would like to submit this Management Discussion and Analysis of the company’s operation for the year 2016 ended 31 December 2016, with details as follows

Statement of Comprehensive Income for the year 2016 ended 31 December 2016

Statement of Comprehensive Income	Year 2016 ended 31 December 2016	Year 2015 ended 31 December 2015	Increase (Decrease)
	million Baht	million Baht	%
Income from Sales	607.12	236.71	156.48%
Income from Services	130.72	73.83	77.04%
Income from Sales and Services	737.84	310.54	137.60%
Other Income	5.39	8.40	(35.82%)
Total Revenue	743.23	318.94	133.03%
Cost of Sales	505.13	203.08	148.73%
Cost of Service	110.04	58.48	88.16%
Gross Profit	122.67	48.98	150.43%
Selling Expenses	10.82	5.76	87.82%
Administrative Expenses	27.66	20.80	33.00%
Exchange Loss	-	4.41	(100.00%)
Earnings Before Interest & Tax	89.58	26.41	239.15%
Interest Expenses	5.88	0.26	2137.80%
Earnings Before Tax	83.70	26.15	220.07%
Tax Expenses	13.46	5.36	151.18%
Net Profit (Loss)	70.24	20.79	237.82%

Revenue from Sales and Services

For the year 2016 ended 31 December 2016, the Company generated revenue from sales and service of 737.84 million Baht, increasing by 427.30 million Baht or 137.60%, when compared to the previous year, with details as follows:

1. Revenue from Sales

For the year 2016 ended 31 December 2016, the Company generated a revenue from sales of 607.12 million Baht, increasing by 370.41 million Baht or 156.48%, when compared to the previous year, which had a revenue from sales of 236.71 million Baht, as many large, high-value projects were completed, such as Bangkok Cancer Sanatorium, Sawan Pracharak Hospital , Lopburi Cancer Hospital , Chonburi Cancer Hospital , and the Faculty of Medicine, Siriraj Hospital ; and thus their revenues recognized.

2. Revenue from Services

For the year 2016 ended 31 December 2016, the company generated a revenue from service of 130.72 million Baht, increasing by 56.89 million Baht or 77.04%, when compared to the previous year, which had a revenue from sales of 73.83 million Baht. This rise in Revenue from Services can be attributed to the revenue recognition of the software upgrades to the radiotherapy products of 2 hospitals, as well as the increasing number of maintenance agreements signed resulting from the expiry of the warranties on previously sold products.

Cost of Goods Sold and Gross Profit from Sales

For the year 2016 ended 31 December 2016, the company had a gross profit from sales of 101.99 million Baht, or equivalent to a gross profit margin from sales of 16.80%, which is similar to the gross profit margin from sales in the previous year at 14.21%, as the Company was able to manage its costs more effectively.

Cost of Services and Gross Profit from Services

For the year 2016 ended 31 December 2016, the company had a gross profit from services of 20.68 million Baht, or equivalent to a gross profit margin from services of 15.81%, which is lower than the gross profit margin from services in the previous year at 20.79%. This is due to the slow process in renewing maintenance agreements with a number of state-owned hospitals, whilst still responsible for the costs from back-to-back maintenance contracts with the manufacturers. Nonetheless, the company successfully renewed the contracts with its clients as of January 2017.

Selling and Administrative Expenses

For the year 2016 ended 31 December 2016, the company had a selling expense of 10.82 million Baht, increasing by 5.06 million Baht or 87.82% from the previous year, with the main reason being the increased costs in employing new sales officers, in addition to the costs associated with exhibiting products, bidding for projects and the increased commission from completing more projects.

For the year 2016 ended 31 December 2016, the company had an administrative expense of 27.66 million Baht, increasing by 6.86 million Baht or 33.00% from the previous year due to the restructuring of the base salary, the remuneration for the members of Board of Directors and the banking fees associated with acquiring credit loans.

Financial Costs

For the year 2016 ended 31 December 2016, the company had a financial cost of 5.88 million Baht, increasing by 5.62 million Baht from the previous year. This is because the company had many on-going large-scale projects; therefore, short-term loans from financial institutions are necessary, increasing the costs of interests per installment.

Net Profit and Net Profit Margin

For the year 2016 ended 31 December 2016, the company had a net profit of 70.24 million Baht, or a net profit margin of 9.45%. When compared to the previous year, which had a net profit of 20.79 million Baht or a net profit margin of 6.52%, the increase in profit of this year is due to the company's ability to maintain its costs while increasing its revenue.

Please be informed accordingly.

Yours Sincerely,


(Mr. Sompong Chunekitiyanone)

Chief Executive Officer

Business Alignment Public Company Limited