

15 May 2017

Subject: Management Discussion and Analysis for the three-month period ended 31 March 2017

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 three-month period ended 31 March 2017, with details as follows

Statement of Comprehensive Income for the three-month period ended 31 March 2017

Statement of Comprehensive Income	Three-month period ended 31 March 2017	Three-month period ended 31 March 2016	Increase (Decrease)
	million Baht	million Baht	%
Income from Sales	15.40	3.91	294.16%
Income from Services	32.45	36.88	(12.02%)
Income from Sales and Services	47.85	40.79	17.31%
Other Income	1.31	2.33	(43.68%)
Total Revenue	49.16	43.12	14.01%
Cost of Sales	11.80	3.14	275.21%
Cost of Service	22.47	29.24	(23.14%)
Gross Profit	13.57	8.40	61.55%
Selling Expenses	2.06	1.92	7.15%
Administrative Expenses	7.30	7.22	1.24%
Earnings Before Interest & Tax	5.53	1.60	245.13%
Interest Expenses	0.36	1.08	(67.21%)
Earnings Before Tax	5.17	0.52	898.84%
Tax Expenses	1.05	0.13	700.58%
Net Profit (Loss)	4.12	0.39	966.32%

Revenue from Sales and Services

For the three-month period ended 31 March 2017, the Company generated revenue from sales and service of 47.85 million Baht, increasing by 7.06 million Baht or 17.31%, when compared to the same period in the previous year, with details as follows:

1. Revenue from Sales

For the three-month period ended 31 March 2017, the Company generated a revenue from sales of miscellaneous medical equipment of 15.40 million Baht, increasing by 11.49 million Baht or 294.16%, when compared to the same period in the previous year, as the Company has sold a larger volume of miscellaneous medical equipment. However, the revenue from sales in the 1st quarters of 2016 and 2017 can be considered relatively low, due to the Company’s revenue structure. This means that revenue from high value projects are usually recognized in the 3rd and 4th quarters, in conjunction

with the government's annual budget, which are announced on the 1st October of every year. Therefore, state hospitals commonly sign an agreement for a new project with the Company during the 4th quarter (following the budget allocation), and the project would take 210 – 360 days to be completed from the date of the agreement. Hence, the revenues from these projects are likely to be recognized in the 3rd and 4th quarters the following year.

2. Revenue from Services

For the three-month period ended 31 March 2017, the Company generated a revenue from service of 32.45 million Baht, decreasing by 4.43 million Baht or 12.02%, when compared to the same period in the previous year, which had a revenue from sales of 20.32 million Baht. The revenue from the services in the same quarter in the previous year was unusually high due to the recognition of an upgrade service to a hospital with the value of 13.34 million Baht. Without considering the upgrade in the 1st quarter of 2016, the revenue from the three-month period ended 31 March 2017 can be said to increase from the same period in the previous year by 8.91 million Baht.

Other Income

For the three-month period ended 31 March 2017, the Company's other income was 1.31 million Baht, decreasing from the same period in the previous year by 1.02 million Baht or 43.68%, as there was a decrease in the profit from foreign exchange.

Cost of Goods Sold and Gross Profit from Sales

For the three-month period ended 31 March 2017, the Company had a gross profit from sales of 3.60 million Baht, or equivalent to a gross profit margin from sales of 23.38%, which is higher than the gross profit margin from sales in the same quarter of the previous year at 19.51%, as the Company was able to sell miscellaneous medical equipment, which has high profit margin, during three-month period ended 31 March 2017.

Cost of Services and Gross Profit from Services

For the three-month period ended 31 March 2017, the Company had a gross profit from services of 9.98 million Baht, or equivalent to a gross profit margin from services of 30.74%, which is higher than the gross profit margin from services in the same quarter of the previous year at 20.72%. This increase is because the Company had recently increased the price of its maintenance agreements. Moreover, due to the delay in renewing the maintenance agreements with a number of state hospitals in the 4th quarter of 2016, the renewal of the agreement and the revenue recognition for the services are recognized in the 1st quarter of 2017 instead, while cost of services remain constant.

Selling and Administrative Expenses

For the three-month period ended 31 March 2017, the Company had a selling expense of 2.06 million Baht, increasing by 0.14 million Baht or 7.15% from the same period of the previous year. This increase can be attributed to the increase in human resources costs, as the Company had hired more employees in the Sales department, and to the commission given to the sales staff.

For the three-month period ended 31 March 2017, the Company had an administrative expense of 7.30 million Baht, increasing by 0.08 million Baht or 1.24% from the same period of the previous year.

Financial Costs

For the three-month period ended 31 March 2017, the Company had a financial cost of 0.36 million Baht, decreasing by 0.72 million Baht, or 67.21%, from the same period of the previous year, as there are very few on-going high value projects in the 1st quarter of 2017, and the Company relies mostly on its own working capital rather than lending from financial institutions.

Net Profit and Net Profit Margin

For the three-month period ended 31 March 2017, the Company had a net profit of 4.12 million Baht, or a net profit margin of 8.38%. When compared to the same period of the previous year, which had a net profit of 0.39 million Baht or a net profit margin of 0.90%. The increase in profit of this three-month period is due to the increase in revenue from both sales and services, the ability to increase profit margins and the lower financial costs.

Please be informed accordingly.

Yours Sincerely,



(Mr. Sompong Chunekitiyanone)

Chief Executive Officer

Business Alignment Public Company Limited