

10 November 2017

Subject: Management Discussion and Analysis for the three-month period ended 30 September 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 30 September 2017, with details as follows

Statement of Comprehensive Income for the three-month period ended 30 September 2017

| Statement of Comprehensive Income | Three-month period ended 30 September 2017 | Three-month period ended 30 September 2016 | Increase (Decrease) |
|---|--|--|---------------------|
| | million Baht | million Baht | % |
| Income from Sales | 97.54 | 329.32 | (70.38%) |
| Income from Services | 33.20 | 28.24 | 17.54% |
| Income from Construction | 41.50 | 0.00 | N/A |
| Income from Sales and Services | 172.24 | 357.56 | (51.83%) |
| Other Income | 0.74 | 1.88 | (60.72%) |
| Total Revenue | 172.98 | 359.44 | (51.88%) |
| Cost of Sales | 84.55 | 253.61 | (66.66%) |
| Cost of Service | 24.29 | 22.72 | 6.90% |
| Cost of Construction | 37.71 | 0.00 | N/A |
| Gross Profit | 25.69 | 81.23 | (68.37%) |
| Selling Expenses | 1.69 | 2.03 | (16.65%) |
| Administrative Expenses | 6.17 | 6.40 | (3.61%) |
| Earnings Before Interest & Tax | 18.57 | 74.68 | (75.14%) |
| Interest Expenses | 0.38 | 1.89 | (79.99%) |
| Earnings Before Tax | 18.19 | 72.79 | (75.01%) |
| Tax Expenses | 3.63 | 11.67 | (68.89%) |
| Net Profit (Loss) | 14.56 | 61.12 | (76.18%) |

Revenue from Sales, Services and Construction

For the three-month period ended 30 September 2017, the Company generated revenue from sales, service and construction of 172.24 million Baht, decreasing by 185.32 million Baht or 51.83%, when compared to the same period in the previous year, with details as follows:

1. Revenue from Sales

For the three-month period ended 30 June 2017, the Company generated a revenue from sales of miscellaneous medical equipment of 97.54 million Baht, decreasing by 231.78 million Baht or 70.38%, when compared to the same period in the previous year. This decrease is due to the completion and revenue recognition of only one large project as expected in the Company's backlog.

2. Revenue from Services

For the three-month period ended 30 September 2017, the Company generated a revenue from service of 33.20 million Baht, increasing by 4.96 million Baht or 17.54%, when compared to the same period in the previous year. Increasing revenue from the services can be attributed to the increase in the number of maintenance agreements, following the expiry of the warranties on previously sold products.

3. Revenue from Construction

Construction revenue generated from the establishment of project centers treating cancer patients with protons radiotherapy with King Chulalongkorn Memorial Hospital, which commenced in the 2nd quarter of 2017. For the three-month period ended 30 September 2017, the Company generated revenue from construction of 41.50 million Baht, according to percentage of completion in the period.

Cost of Goods Sold and Gross Profit from Sales

For the three-month period ended 30 September 2017, the Company had a gross profit from sales of 12.99 million Baht, or equivalent to a gross profit margin from sales of 13.32%, which is lower than the gross profit margin from sales in the same quarter of the previous year at 22.99%. Since the three-month period ended 30 September 2017, the company has delivered a project which would typically generate low gross margins as it is expected to be a market penetration strategy. Thus, the overall gross margin of sales was lower.

Cost of Services and Gross Profit from Services

For the three-month period ended 30 September 2017, the Company had a gross profit from services of 8.91 million Baht, or equivalent to a gross profit margin from services of 26.83%, which is higher than the gross profit margin from services in the same quarter of the previous year at 19.55%. This increase was because the Company had recently increased the price of its maintenance agreements for both renewed contracts and new contracts following the expiry of warranty period.

Cost of Construction and Gross Profit from Construction

For the three-month period ended 30 September 2017, the Company has gross profit from construction of 3.79 million Baht or equivalent to a gross profit margin from construction of 9.14%, according to planned project budget.

Selling and Administrative Expenses

For the three-month period ended 30 September 2017, the Company had a selling expense of 1.69 million Baht, decreasing by 0.34 million Baht or 16.65% from the same period of the previous year.

For the three-month period ended 30 September 2017, the Company had an administrative expense of 6.17 million Baht, decreasing by 0.23% from the same period of the previous year.

Financial Costs

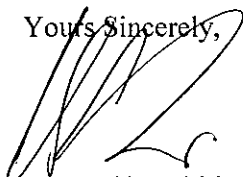
For the three-month period ended 30 September 2017, the Company had a financial cost of 0.38 million Baht, decreasing by 1.51 million Baht, or 79.99%, from the same period of the previous year as the Company relies mostly on its own working capital rather than lending from financial institutions.

Net Profit and Net Profit Margin

For the three-month period ended 30 September 2017, the Company had a net profit of 14.56 million Baht, or a net profit margin of 8.42%, compared to the same period of the previous year, which had a net profit of 61.12 million Baht or a net profit margin of 17.00%. The decrease in net profit and lower net profit margin for this three-month period was from decrease in gross profit margin, and revenue which lead to the lower proportion of revenue per fixed cost.

Please be informed accordingly.

Yours Sincerely,



(Mr. Sompong Chunekitiyanone)

Chief Executive Officer

Business Alignment Public Company Limited