

23 February 2018

Subject: Management Discussion and Analysis for the year ended 31 December 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 year 2017 ended 31 December 2017, with details as follows

Statement of Comprehensive Income for the year 2017 ended 31 December 2017

Statement of Comprehensive Income	Year 2017 ended 31 December 2017	Year 2016 ended 31 December 2016	Increase (Decrease)
	million Baht	million Baht	%
Income from sales of goods	367.61	607.12	(39.45%)
Income from rendering of services	128.28	130.72	(1.86%)
Income from construction	120.66	-	100.00%
Income from sales, services and construction	616.55	737.84	(16.44%)
Other Income	6.88	5.39	27.67%
Total Revenue	623.43	743.23	(16.12%)
Cost of sales of goods	325.20	505.13	(35.62%)
Cost of rendering of services	96.08	110.04	(12.69%)
Cost of construction	109.60	-	100.00%
Gross Profit	85.67	122.67	(30.16%)
Distribution costs	8.78	10.82	(18.87%)
Administrative expenses	30.95	27.66	11.91%
Earnings Before Interest & Tax	52.82	89.58	(41.03%)
Interest expenses	1.37	5.88	(76.65%)
Earnings Before Tax	51.45	83.70	(38.53%)
Tax expenses	10.30	13.46	(23.44%)
Net Profit (Loss)	41.15	70.24	(41.42%)

Revenue from sales, services and construction

For year 2017 ended 31 December 2017, the Company generated revenue from sales, services and construction of 616.55 million Baht, decreasing by 121.29 million Baht or 16.44%, when compared to the previous year, with details as follows:

1. Revenue from sales of goods

For year 2017 ended 31 December 2017, the Company generated revenue from sales of medical equipment related to radiotherapy of 367.61 million Baht, decreasing by 239.51 million Baht or 39.45%, when compared to the previous year, which had the revenue from sales of 607.12 million Baht. This decrease was due to the completion and revenue recognition of only three significant projects.

2. Revenue from rendering of services

For year 2017 ended 31 December 2017, the Company generated a revenue from rendering of services of 128.28 million Baht, decreasing by 2.43 million Baht or 1.86%, when compared to the previous year, which had the revenue from service of 130.72 million Baht. This change was due to revenue recognition of software upgrade service of radiation machine to the hospital with the value of 31.98 million Baht. Excluding the revenue from this upgrade service in 2016, the revenue from service in 2017 showed an increase by 29.54 million Baht. Increasing revenue from rendering of services can be attributed to the increase in the number of maintenance agreements as the expiry of the warranties on previously sold products.

3. Revenue from Construction

Revenue from construction 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 year 2017 ended 31 December 2017, the Company generated revenue from construction service of 120.66 million Baht, showing 54.54% of completion as at the end of the period.

Cost of sales of goods and Gross Profit Margin from sales of goods

For year 2017 ended 31 December 2017, the Company had a gross profit from sales of 42.41 million Baht or equivalent to gross profit margin of 11.54%, which was lower than the gross profit margin from sales in the previous year at 16.80%. The decrease in gross profit margin was due to the company delivering projects which would typically generate low gross margins as it is expected to be a market penetration strategy. Thus, the overall gross profit margin in this period was lower.

Cost of rendering of services and Gross Profit Margin from rendering of services

For year 2017 ended 31 December 2017, the Company had a gross profit from services of 32.20 million Baht or equivalent to gross profit margin of 25.11%, which is higher than the gross profit margin from services in the previous year at 15.81%. This increase was because the Company improved cost management and amend pricing strategy for its maintenance agreements for both renewed contracts and new contracts following the expiry of warranty period.

Cost of Construction and Gross Profit Margin from Construction

Construction cost derived 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 year 2017 ended 31 December 2017, the cost of construction was 109.60 million Baht and generated gross profit from construction service of 11.06 million Baht or equivalent to a gross profit margin of 9.16%, according to planned project budget.

Distribution costs and Administrative Expenses

For year 2017 ended 31 December 2017, the Company had a distribution cost of 8.78 million Baht, decreasing by 2.04 million Baht or 18.87% compared to the previous year. This was because of decrease in commission expenses, decreasing in advertising and sales promotion expenses and product exhibition expenses as none of new product was exhibited.

For year 2017 ended 31 December 2017, the Company had administrative expenses of 30.95 million Baht, increasing by 3.29 million Baht or 11.91% compared to the previous year. This increase can be attributed to the increase in meeting allowances and directors' remuneration, financial advisory fee, annual meeting fee and building depreciation.

Finance Costs

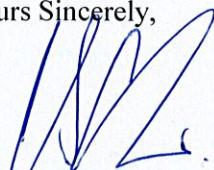
For year 2017 ended 31 December 2017, the Company had financial costs of 1.37 million Baht, decreasing by 4.51 million Baht or 76.65%, when compared to the previous year as the Company relies mostly on its own working capital rather than lending from financial institutions.

Net Profit and Net Profit Margin

For year 2017 ended 31 December 2017, the Company had a net profit of 41.15 million Baht, or equivalent to net profit margin of 6.60% compared to the previous year, which had a net profit of 70.24 million Baht or net profit margin of 9.45%. In 2017, the Company had lower net profit margin as decrease in gross profit margin and sales.

Please be informed accordingly.

Yours Sincerely,



(Mr. Sompong Chunekitiyanone)

Chief Executive Officer

Business Alignment Public Company Limited