

No. BIZ 018/2561

11 May 2018

Subject: Management Discussion and Analysis for the three-month period ended 31 March 2018

To: The President  
The Stock Exchange of Thailand

Business Alignment Public Company Limited (“The Company”) and its subsidiaries would like to submit this Management Discussion and Analysis of the Company’s operation for the three-month period ended 31 March 2018, with details as follows

**Statement of Comprehensive Income for the three-month period ended 31 March 2018**

Statement of Comprehensive Income	Consolidated Financial Statement	Separate Financial Statement		Change (Separate Financial Statement)	
	Three-month period ended 31 March 2018	Three-month period ended 31 March 2018	Three-month period ended 31 March 2017	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	Million Baht	%
Income from sales of goods	62.11	62.11	15.40	46.71	303.45%
Income from rendering of services	30.94	30.94	32.45	(1.51)	(4.65%)
Income from construction	8.52	8.52	0.00	8.52	100%
<b>Income from business operation</b>	<b>101.57</b>	<b>101.57</b>	<b>47.85</b>	<b>53.72</b>	<b>112.30%</b>
Other Income	0.51	0.51	1.32	(0.81)	(61.38%)
<b>Total Revenue</b>	<b>102.08</b>	<b>102.08</b>	<b>49.17</b>	<b>52.91</b>	<b>107.66%</b>
Cost of sales of goods	38.86	38.86	11.80	27.06	229.44%
Cost of rendering of services	25.58	25.57	22.47	3.10	13.80%
Cost of construction	7.74	7.74	0.00	7.74	100.00%
<b>Gross Profit</b>	<b>29.40</b>	<b>29.40</b>	<b>13.57</b>	<b>15.83</b>	<b>116.56%</b>
Distribution costs	2.69	2.69	2.06	0.63	30.88%
Administrative expenses	9.76	8.65	7.30	1.35	18.48%
<b>Earnings Before Interest &amp; Tax</b>	<b>17.46</b>	<b>18.57</b>	<b>5.53</b>	<b>13.04</b>	<b>235.72%</b>
Interest Expenses	0.26	0.26	0.36	(0.10)	(27.49%)
<b>Earnings Before Tax</b>	<b>17.20</b>	<b>18.31</b>	<b>5.17</b>	<b>13.14</b>	<b>253.80%</b>
Tax Expenses	3.70	3.70	1.05	2.65	250.92%
<b>Net Profit (Loss)</b>	<b>13.50</b>	<b>14.61</b>	<b>4.12</b>	<b>10.49</b>	<b>254.54%</b>
Profit attributable to:					
Equity holders of the parent	13.89	14.61	4.12		
Non-controlling interest	(0.39)	-	-		

The separate Financial Statement of the Company for the 3-month period ended 31 March 2018 showed total revenue of 101.57 million Baht and net income of 14.61 million Baht. The changes can be explained as follows;

### **Revenue from business operation**

For the three-month period ended 31 March 2018, the Company generated revenue from sales, services and construction of 101.57 million Baht, increasing by 53.72 million Baht or 112.30%, when compared to the previous year, with details as follows:

1. **Revenue from sales of goods**

For the three-month period ended 31 March 2018, the Company generated revenue from sales of medical equipment related to radiotherapy of 62.11 million Baht, increasing by 46.71 million Baht or 303.45%, when compared to the previous year. This increase was due to the completion and revenue recognition of a project totaling 59.53 million Baht, while recognizing revenue from small volume of miscellaneous medical equipment in the previous year.

2. **Revenue from rendering of services**

For the three-month period ended 31 March 2018, the Company generated a revenue from rendering of services of 30.94 million Baht, decreasing by 1.51 million Baht or 4.65%, when compared to the previous year due to the delay in renewing the maintenance agreements with a number of state hospitals.

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 the three-month period ended 31 March 2018, the Company generated revenue from construction service of 5.82 million Baht, according to percentage of completion in the period.

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

For the three-month period ended 31 March 2018, the Company had a gross profit from sales of 23.25 million Baht or equivalent to gross profit margin of 37.43%, which was higher than the gross profit margin from sales in the previous year at 23.38%. The increase in gross profit margin was due to the company delivering high margin project to a cancer hospital.

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

For the three-month period ended 31 March 2018, the Company had a gross profit from services of 5.36 million Baht or equivalent to gross profit margin of 17.34%, which is lower than the gross profit margin from services in the previous year at 30.74%. This decrease was due to the delay in renewing the maintenance agreements with a number of state hospitals; therefore, lower revenue recognition for the services while cost of services remain constant, resulting in lower gross profit from services.

### **Cost of Construction and Gross Profit Margin from Construction**

For the three-month period ended 31 March 2018, the Company generated gross profit from construction service of 0.78 million Baht or equivalent to a gross profit margin of 9.18%, according to planned project budget.

### **Distribution costs and Administrative Expenses**

For the three-month period ended 31 March 2018, the Company had a distribution cost of 2.69 million Baht, increasing by 0.63 million Baht or 30.88% compared to 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.

For the three-month period ended 31 March 2018, the Company had administrative expenses of 8.65 million Baht, increasing by 1.35 million Baht or 18.48% compared to the previous year. This increase can be attributed to the increase in financial advisory fee, legal advisory fee and building depreciation.

### **Finance Costs**

For the three-month period ended 31 March 2018, the Company had financial costs of 0.26 million Baht, decreasing by 0.10 million Baht or 27.49 %, when compared to the previous year as the Company relies mostly on its own working capital rather than lending from financial institutions.

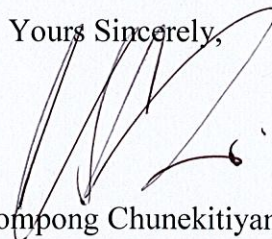
### **Net Profit and Net Profit Margin**

For the three-month period ended 31 March 2018, the Company had a net profit of 14.61 million Baht, or equivalent to net profit margin of 14.31% compared to the previous year, which had a net profit of 4.12 million Baht or net profit margin of 8.38%. In 2017, the Company had higher net profit margin as due to the increase in revenue from both sales and the ability to increase profit margins.

In January 2018, the Company established Cancer Alliance Co., Ltd. (“CAH”) as subsidiary to operate specialized hospital for cancer treatment. For the three-month period ended 31 March 2018, there was administrative expenses of 1.11 million Baht from the human resources expenses, expenses related to investment and establishment of CAH. Therefore, the net profit for the three-month period ended 31 March 2018 according to the consolidated financial statements was 13.50 million Baht, which was attributable to the equity holders of the parent of 13.89 million Baht because the Company recognized a loss incurred from its investment in CAH of 0.72 million Baht proportional to 65% investment of total shareholders in CAH.

Please be informed accordingly.

Yours Sincerely,



(Mr. Sompong Chunekitiyanone)  
Chief Executive Officer

Business Alignment Public Company Limited