

9 May 2019

Subject: Management Discussion and Analysis for the three-month period ended 31 March 2019

To: The President
The Stock Exchange of Thailand

Business Alignment Public Company Limited (“The Company”) and its subsidiary would like to submit this Management Discussion and Analysis of the Company’s operation for the three-month period ended 31 March 2019, with details as follows

Statement of Comprehensive Income for the three-month period ended 31 March 2019

Statement of Comprehensive Income	ended 31 March 2019	ended 31 March 2018	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Income from sales of goods	33.18	62.11	(28.93)	(46.58%)
Income from rendering of services	46.44	30.94	15.50	50.11%
Income from construction	16.06	8.52	7.54	88.57%
Income from business operation	95.68	101.57	(5.89)	(5.80%)
Other Income	0.35	0.51	(0.16)	(31.79%)
Total Revenue	96.03	102.08	(6.05)	(5.93%)
Cost of sales of goods	18.13	38.86	(20.73)	(53.34%)
Cost of rendering of services	40.65	25.58	15.07	58.95%
Cost of construction	14.58	7.74	6.84	88.49%
Gross Profit	22.32	29.40	(7.08)	(24.07%)
Distribution costs	4.96	2.69	2.27	84.46%
Administrative expenses	9.59	9.76	(0.17)	(1.75%)
Exchange Loss	1.53	-	1.53	100.00%
Earnings Before Interest & Tax	6.59	17.46	(10.87)	(62.24%)
Interest Expenses	1.11	0.26	0.85	329.85%
Earnings Before Tax	5.48	17.20	(11.71)	(68.12%)
Tax Expenses	1.63	3.70	(2.07)	(55.89%)
Net Profit (Loss)	3.85	13.50	(9.65)	(71.47%)
Profit attributable to:				
Equity holders of the parent	4.78	13.89		
Non-controlling interest	(0.93)	(0.39)		

The Consolidated Financial Statement of the Company and its subsidiary for the three-month period ended 31 March 2019, the Company generated revenue of 96.03 million Baht and net profit attributable to equity holder of the parent of 4.78 million Baht. The changes can be explained as follows;

Revenue from business operation

For the three-month period ended 31 March 2019, the Company and its subsidiary generated revenue from sales, services and construction of 95.68 million Baht, decreasing by 5.89 million Baht or 5.80%, when compared to the previous year, with details as follows:

1. Revenue from sales of goods

For the three-month period ended 31 March 2019, the Company and its subsidiary generated revenue from sales of 33.18 million Baht, decreasing by 28.93 million Baht or 46.58%, when compared to the previous year. This decrease was due to the Company did not delivers large project. Thus, the Company recognized revenue only from sales of medical equipment parts.

2. Revenue from rendering of services

For the three-month period ended 31 March 2019, the Company and its subsidiary generated a revenue from rendering of services of 46.44 million, increasing by 15.50 million Baht or 50.11%, when compared to the previous year. This increase was due to the company recognized revenue from special service of 10.50 million Baht

3. Revenue from Construction

For the three-month period ended 31 March 2019, the Company and its subsidiary recognized revenue from construction of project centers treating cancer patients with protons radiotherapy of King Chulalongkorn Memorial Hospital of 16.06 million Baht which the Company recorded cost of construction according to percentage of completion. Therefore, as of 31 March 2019, the Company has recognized revenue from construction of the project of 90.70%

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

For the three-month period ended 31 March 2019, the Company and its subsidiary had a gross profit from sales of 15.05 million Baht or equivalent to gross profit margin of 45.35%, which was higher than the gross profit margin from sales in the previous year at 37.43%. The increase in gross profit margin was due to improvement of product cost management.

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

For the three-month period ended 31 March 2019, the Company and its subsidiary had a gross profit from services of 5.79 million Baht or equivalent to gross profit margin of 12.47%, which was lower than gross profit margin of the previous year at 17.32%. The decline of gross profit margin was due to the recognition of special service which was not normal service income of the company while maintenance expenses remained the same.

Cost of Construction and Gross Profit Margin from Construction

For the three-month period ended 31 March 2019, the Company and its subsidiary generated gross profit margin from construction of 1.48 million Baht or equivalent to gross profit margin of 9.22% according to construction budget.

Distribution costs and Administrative Expenses

For the three-month period ended 31 March 2019, the Company and its subsidiary had a distribution cost of 4.96 million Baht, increasing by 2.27 million Baht or 84.46% compared to the previous year. This increase can be attributed to the increase of human resources costs, further advertisement and promotional expenses as well as additional expenses for product exhibition.

For the three-month period ended 31 March 2019, the Company had administrative expenses of 9.59 million Baht, decreasing by 0.17 million Baht or 1.75% compared to the previous year.

Finance Costs

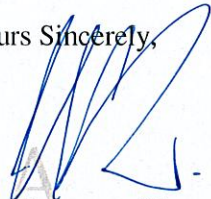
The Company and its subsidiary had financial costs of 1.11 million Baht, increasing by 0.85 million Baht or 329.85%, when compared to the previous year, resulting from recognition of interest expense of advance payment from customer of 0.86 million Baht.

Net Profit and Net Profit Margin

For the three-month period ended 31 March 2019, the Company and its subsidiary had a net profit attributable to equity holder of the parent of 4.78 million Baht, or equivalent to net profit margin of 4.96% compared to the previous year, which had the net profit attributable to equity holder of the parent of 13.89 million Baht or net profit margin of 13.61%. Lower net profit attributable to equity holder of the parent was resulted from lower sales revenue and increase in distribution costs. Moreover, the Company recognized a loss incurred from its investment in Cancer Alliance Co., Ltd. (“CAH”) as subsidiary to operate specialized hospital for cancer treatment of 1.73 million Baht proportional to 65%.

Please be informed accordingly.

Yours Sincerely,



(Mr. Sompong Chunekitiyanone)

Chief Executive Officer

Business Alignment Public Company Limited